

**SCHOOL DISTRICT OF THE  
TOWNSHIP OF WEST MILFORD  
COUNTY OF PASSAIC, NEW JERSEY  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Township of West Milford School District**

**Board of Education**

**West Milford, New Jersey**

**For the Fiscal Year Ended June 30, 2012**

**WEST MILFORD BOARD OF EDUCATION**

**West Milford, New Jersey**

**TOWNSHIP OF WEST MILFORD**

**BOARD OF EDUCATION**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
OF THE TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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## **INTRODUCTORY SECTION**



# WEST MILFORD PUBLIC SCHOOLS

46 Highlander Drive, West Milford, New Jersey 07480  
Phone: 973-697-1700    [www.wmtps.org](http://www.wmtps.org)    Fax: 973-697-8351

James V. McLaughlin, Ed.D.  
Superintendent

Barbara Francisco  
Business Administrator/Board Secretary

Iris Wechling  
Director of Education

Alice Steinheimer  
Director of Special Services

November 30, 2012

Honorable President and  
Members of the Board of Education  
West Milford Township School District  
County of Passaic, New Jersey

Dear Board Members/Citizens:

It is with pleasure that we submit the Comprehensive Annual Financial Report (CAFR) of the West Milford Township School District (District) for the fiscal year ending June 30, 2012. This CAFR includes the District's Basic Financial Statements in accordance with Governmental Accounting Standards Board Statement 34. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The CAFR is presented in four sections: Introductory, Financial, Statistical and Single Audit.

- ◆ The Introductory section includes this transmittal letter, the District's organizational chart and a list of Principal Officials;
- ◆ The Financial section includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes providing an overview of the School District's financial position and operating results, and other schedules providing detailed budgetary information, as well as the auditor's report thereon;
- ◆ The Statistical section includes selected economic and demographic information, financial trends, and the fiscal capacity of the School District generally presented on a multi-year basis;
- ◆ The Single Audit Section – The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and the U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments and Non-Profit Organizations", and the State Treasury Circular Letter 04-04 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the Single Audit section of this report.

## 1. **REPORTING ENTITY AND ITS SERVICES:**

The Board of Education of the Township of West Milford is an independent reporting entity within the criteria adopted by the GASB as established by NCGA Statement No. 14. All funds and account groups of the District are included in this report. The West Milford Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Kindergarten through 12. These include regular, vocational as well as special education for special needs youngsters. The District's instructional facilities includes six elementary schools (grades Kindergarten through grade 6), one middle school (grades 7 and 8), and one high school (grades 9 through 12). The District completed the 2011-12 fiscal year with an average daily enrollment of 3,896 students, which is 48 students lower than the previous year's enrollment, a decrease of 1.2 percent. The following details the changes in the student enrollment of the District over the last 18 years.

### **Student Enrollment Data**

<b>Fiscal Year</b>	<b>Student Enrollment</b>	<b>Percent Change</b>
2011-12	3,896	-1.2%
2010-11	3,944	-1.7%
2009-10	4,013	-2.77%
2008-09	4,124	-3.62%
2007-08	4,279	-2.55%
2006-07	4,391	-2.92%
2005-06	4,523	-2.75%
2004-05	4,651	-1.44%
2003-04	4,719	0.53%
2002-03	4,694	1.32%
2001-02	4,633	-0.81%
2000-01	4,671	0.78%
1999-00	4,635	1.78%
1998-99	4,554	0.52%
1997-98	4,530	4.53%
1996-97	4,425	2.10%
1995-96	4,334	1.15%
1994-95	4,285	0.63%

The Board of Education, comprised of nine members, each elected to three-year terms, meets on the third Tuesday of each month for the workshop Board meeting and the fourth Tuesday of each month for the regular Board meeting.

The Parent Teacher Groups are highly active in the District and provide community support for a variety of programs and activities for the children.

The New Jersey Department of Education posts its Comparative Spending Guide for all school districts in the state. The guide compares districts with similar enrollment and configuration. West Milford traditionally spends less than the state average in total per pupil spending, particularly in overhead areas like administration and operations.

## **2. ECONOMIC CONDITION AND OUTLOOK:**

West Milford Township is a rural/suburban residential community with its working population primarily employed by the Board of Education, local businesses, and various businesses in the surrounding area. The Township's 2010 population of 25,850 has decreased by 560 people, or about -2.1%, since the corrected 2010 census. West Milford's current unemployment rate of 7.4% is below the Passaic County average of 10.8%. Per capita personal income in Passaic County has leveled off. Although the Township continues to attract new families, there is lower expectation for new development due to the implementation of the Highlands Act.

Since the loss of state aid in 2009-10 and the subsequent budget defeat, the Board of Education and Central Office Administration have reached out to the community to enhance communication. Their efforts have resulted in two consecutive successful budget votes and the implementation of Full Day Kindergarten for the 2012-2013 school year. The successful budgets have also provided additional support services for elementary students. In addition, Central Office Administration continues to look for ways to contain expenses.

The Board of Education appointed a permanent Superintendent of Schools effective July 1, 2012. The Board of Education will strive to continue this positive momentum into the next budget cycle.

## **3. MAJOR INITIATIVES:**

1) Comprehensive job embedded training in the reading/writing workshop was provided to all Kindergarten teachers, with grades three through six participating in ongoing professional support; 2) Funds were expended to create and implement a standard level of technology in each classroom in the High School and Middle School; 3) All elementary students and their teachers participated in an additional weekly physical education class focus on social decision making and problem solving in an activity based model; 4) All elementary teachers engaged in horizontal grade level articulation meetings over the course of the school year; 5) A district level Educational Technology Committee was established to expand the use of instructional technology and to maximize student engagement; 6) A new student information system was acquired to enhance home/school communication.

## **4. INTERNAL ACCOUNTING CONTROLS:**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse, and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations

related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described later, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

**5. BUDGETARY CONTROLS:**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as appropriations to fund balance in the subsequent year. Those amounts to be appropriated are reported as reservations of fund balance at fiscal year end.

**6. ACCOUNTING SYSTEM AND REPORTS:**

The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements," Note 1.

**7. CASH MANAGEMENT:**

The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act. Investment income is generated from interest on balances and certificate of deposits through Lakeland State Bank.

**8. RISK MANAGEMENT:**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. Since the 1996-97 school year, the District has carried student and athletic accident and catastrophic injury insurance on every student enrolled in its schools. Through participation in a pooled insurance program, the District enjoys the benefits of distributed risks and reduced premium costs on all lines of insurance. The Board uses the pool to self-insure for workers' compensation, and continues to receive disbursements of surplus funds from prior years.

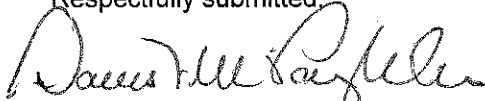
**9. OTHER INFORMATION:**

**Independent Audit** - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The Board selected the accounting firm of Ferraioli, Wielkottz, Cerullo & Cuva. In addition to meeting the requirements of the Single Audit Act of 1996 and the related OMB Circular A-133 and state Treasury Circular Letter 04-04 OMB, the auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditors' reports related specifically to the single audit are included in the single audit section of this report.


**10. ACKNOWLEDGMENTS:**

We would like to express our appreciation to the members of the West Milford Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our administrative, financial, accounting, and secretarial staffs.

Respectfully submitted,



James V. McLaughlin, Ed.D.  
Superintendent of Schools

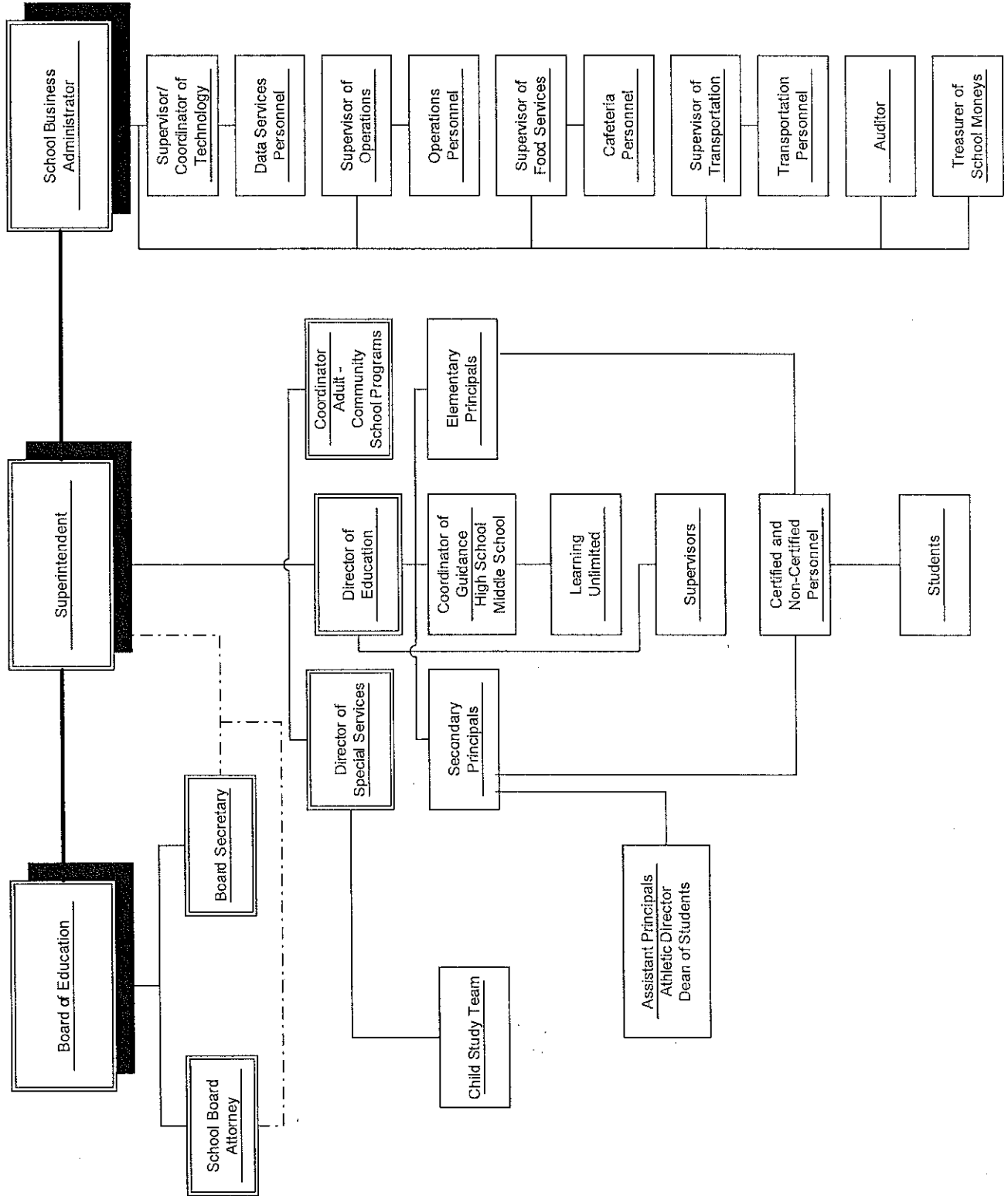


Barbara Francisco  
Business Administrator/Board Secretary



# WEST MILFORD TOWNSHIP PUBLIC SCHOOLS - ORGANIZATIONAL CHART

## Office of the Superintendent



**WEST MILFORD  
ROSTER OF OFFICIALS  
June 30, 2012**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
David Richards, President	2013
Wayne Gottlieb - Vice President	2014
Kevin Babbitt	2015
Gregory Bailey	2015
Matthew Conlon	2014
James Foody	2013
Inga Koepp	2015
Donna Richards	2013
Marilyn Schultz	2014

**Other Officials**

John J. Petrelli - Interim Superintendent

Barbara Francisco - Business Administrator/Board Secretary

Iris Wechling - Director of Education

Howard Heller - Director of Special Services

# **WEST MILFORD BOARD OF EDUCATION**

**2011-2012**

Consultants and Advisors

## **ARCHITECTS**

LAN Associates  
445 Godwin Avenue  
Midland Park, New Jersey 07432

## **AUDIT FIRM**

Ferraioli, Wielkottz, Cerullo & Cuva, P.A.  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442

## **BOARD ATTORNEY**

Schenck Price Smith & King LLP  
220 Park Avenue  
P. O. Box 991  
Florham Park, New Jersey 07932

## **LABOR NEGOTIATOR**

Schwartz, Simon, Edelstein, & Celso, LLC  
100 South Jefferson Road, Suite 200  
Whippany, New Jersey 079815

## **SPECIAL EDUCATION ATTORNEY**

Schwartz, Simon, Edelstein, & Celso, LLC  
100 South Jefferson Road, Suite 200  
Whippany, New Jersey 079815

## **FISCAL AGENTS**

J. P. Morgan Chase Bank, N.A.  
Dallas, Texas

## **OFFICIAL DEPOSITORY**

Lakeland Bank  
West Milford, New Jersey

-----  
NJ Cash Management Fund  
Jersey City, New Jersey

**FINANCIAL SECTION**

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA  
Steven D. Wielkotz, CPA, RMA  
James J. Cerullo, CPA, RMA  
Paul J. Cuva, CPA, RMA  
Thomas M. Ferry, CPA, RMA

Certified Public Accountants  
401 Wanaque Avenue  
Pompton Lakes, New Jersey 07442  
973-835-7900  
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Newton Office  
100B Main Street  
Newton, N.J. 07860  
973-579-3212  
Fax 973-579-7128

## INDEPENDENT AUDITOR'S REPORT

The Honorable President and  
Members of the Board of Education  
Township of West Milford School District  
County of Passaic, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund and the aggregate remaining fund information of the Board of Education of the Township of West Milford School District, in the County of Passaic, State of New Jersey, as of and for the fiscal year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of West Milford Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Township of West Milford Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

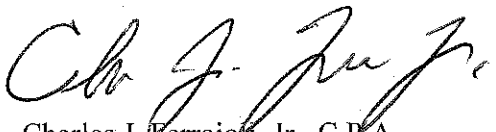
In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 on our consideration of the Township of West Milford Board of Education's internal-control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal

control over financial reporting or on compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

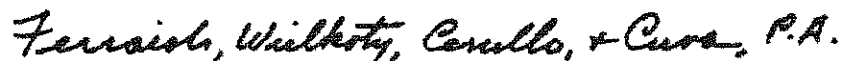
The Management Discussion and Analysis and Budgetary Comparison Information on pages 11 through 19 and 57 through 64 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Township of West Milford Board of Education's basic financial statements. The accompanying introductory section, and other supplementary information, such as, the combining and individual fund financial statements, long-term debt schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and long-term debt schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The accompanying schedules of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and New Jersey OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Charles J. Ferraioni, Jr., C.P.A.  
Licensed Public School Accountant  
No. 749



FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

November 30, 2012



**REQUIRED SUPPLEMENTARY  
INFORMATION - PART I**

WEST MILFORD TOWNSHIP PUBLIC SCHOOL DISTRICT  
WEST MILFORD TOWNSHIP

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

(UNAUDITED)

The discussion and analysis of West Milford Township Public School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standards Board's (GASB) Statement No. 34 – Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments issued in June 1999. Certain comparative information between the current year (2011-2012) and the prior year (2010-2011) is required to be presented in the MD&A.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- ◆ General revenues accounted for \$72,078,866.13 in revenue or 95.09% percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$3,717,835.14 or 4.91% percent to total revenues of \$75,796,701.27.
- ◆ The School District had \$72,929,083.46 in expenses; \$3,717,835.14 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$72,078,866.13 were adequate to provide for these programs.
- ◆ The General Fund had \$71,933,158.13 in revenues and \$70,446,987.87 in expenditures. The General Fund's balance increased by \$2,415,119.39 over 2011. Revenues do not include funds used from fund balance resulting in expenses exceeding revenues.

**Using this Comprehensive Annual Financial Report (CAFR)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand West Milford Township Public School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.



## **Reporting the School District as a Whole**

**Government-wide financial statements** are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School district, presenting both an aggregate view of the School district's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. In the case of West Milford Township Public School District, the General Fund is by far the most significant fund.

### **Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School district as a whole looks at all financial transactions and asks the question, "How did we do financially during 2012?" The Statement of Net Assets and the Statement of Activities helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into consideration all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- ◆ Governmental activities – All of the School District's programs and services are reported here including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
- ◆ Business-Type Activities – This service is provided on a charge for goods or services basis to recover all the expense of the goods or services provided. The Food Service and Community School enterprise funds are reported as a business activity.

## **Reporting the School District's Most Significant Funds**

### **Fund Financial Statements**

Fund financial reports provide detailed information about the School District's major funds. Although the School District uses many funds to account for a multitude of financial transactions, these financial statements focus on the School district's most significant funds. These funds include the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund.

## Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School district's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

## Enterprise Fund

The enterprise fund uses the same basis of accounting as business-type activities; therefore, these statements are essentially the same.

## The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2012 with comparative data.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and Other Assets	\$ 5,698,532	\$ 4,629,471	\$ 111,214	\$ 99,545	\$ 5,809,746	\$ 4,729,016
Capital Assets, net	14,756,372	14,167,303	298,436	309,875	15,054,808	14,477,178
Total Assets	<u>20,454,904</u>	<u>18,796,774</u>	<u>409,650</u>	<u>409,420</u>	<u>20,864,554</u>	<u>19,206,194</u>
Liabilities						
Long-Term Liabilities	7,643,222	7,641,543			7,643,222	7,641,543
Other Liabilities	199,850	1,488,570	192,237	114,454	392,087	1,603,024
Total Liabilities	<u>7,843,072</u>	<u>9,130,113</u>	<u>192,237</u>	<u>114,454</u>	<u>8,035,309</u>	<u>9,244,567</u>
Net Assets						
Invested in Capital Assets -						
Net of Debt	10,738,769	10,125,208	298,436	309,875	11,037,205	10,435,083
Restricted	5,053,260	3,188,664	38,950	38,950	5,092,210	3,227,614
Unrestricted	<u>(3,180,197)</u>	<u>(3,647,211)</u>	<u>(119,973)</u>	<u>(53,859)</u>	<u>(3,300,170)</u>	<u>(3,701,070)</u>
Total Net Assets	<u>\$ 12,611,832</u>	<u>\$ 9,666,661</u>	<u>\$ 217,413</u>	<u>\$ 294,966</u>	<u>\$ 12,829,245</u>	<u>\$ 9,961,627</u>

The District's combined net assets were \$12,829,245 on June 30, 2012.

Table 2 shows the changes in net assets from fiscal year 2012, with a comparative analysis of district-wide data.

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 385,869	\$ 309,027	\$ 1,360,876	\$ 1,369,483	\$ 1,746,745	\$ 1,678,510
Operating Grants and Contributions	1,649,917	2,317,854	280,669	246,204	1,930,586	2,564,058
Capital Grants and Contributions	40,504	126,156			40,504	126,156
General Revenues:						
Property taxes	50,883,737	49,908,582			50,883,737	49,908,582
Grants and entitlements	20,830,647	18,665,583			20,830,647	18,665,583
Other	362,856	234,283	1,626	5,322	364,482	239,605
Transfers			128,091	95,148	128,091	95,148
Total Revenues	<u>74,153,530</u>	<u>71,561,485</u>	<u>1,771,262</u>	<u>1,716,157</u>	<u>75,924,792</u>	<u>73,277,642</u>
<b>Functions/Programs Expenses</b>						
Instruction	39,140,448	38,130,384			39,140,448	38,130,384
Support Services:						
Pupils and instructional staff	12,792,730	11,955,842			12,792,730	11,955,842
General, central & school administration	6,456,809	6,392,611			6,456,809	6,392,611
Operations and maintenance of facilities	6,749,522	6,734,278			6,749,522	6,734,278
Pupil transportation	5,533,660	5,238,761			5,533,660	5,238,761
Interest on debt	94,337	105,318			94,337	105,318
Food service			1,330,478	1,262,573	1,330,478	1,262,573
Adult Community School			518,337	541,640	518,337	541,640
Other	312,762	642,457			312,762	642,457
Transfers	128,091	95,148			128,091	95,148
Total Expenses	<u>71,208,359</u>	<u>69,294,799</u>	<u>1,848,815</u>	<u>1,804,213</u>	<u>73,057,174</u>	<u>71,099,012</u>
(Decrease) Increase in Net Assets	<u>\$ 2,945,171</u>	<u>\$ 2,266,686</u>	<u>\$ (77,553)</u>	<u>\$ (88,056)</u>	<u>\$ 2,867,618</u>	<u>\$ 2,178,630</u>

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 68.66% of revenues for governmental activities for the West Milford Township Public School District for fiscal year 2012. The District's total revenues were \$153,530.07 for the fiscal year ended June 30, 2012. Federal, state and local grants accounted for another 30.33%. The balance of the revenues is from other miscellaneous sources including interest, rentals, tuition, and budgeted fund balance.

**Business-Type Activities**

Revenues for the District's Food Service Program were comprised of charges for services and federal and state reimbursements.

- ◆ Food service expenses exceeded revenues by \$129,811.83
- ◆ Charges for services represent \$919,116.67 of revenue. This represents amount paid by patrons for daily food services.
- ◆ Federal and state reimbursements for meals, including payments for free and reduced lunches and donated commodities was \$261,394.34.

Revenues for the District's Community School Program were comprised of registration fees and tuition charges.

- ◆ Community School expenses exceeded revenues by \$75,831.77.
- ◆ Charges for services represents \$441,759.04 of total revenue while non-operating revenues were \$745.69.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions with comparative data for 2011.

Table 3

	Total Cost of Services 2012	Net Cost of Services 2012	Total Cost of Services 2011	Net Cost of Services 2011
Instruction	\$ 39,140,448	\$ 37,324,002	\$ 38,130,384	\$ 35,973,414
Support services				
Pupils and Instructional Staff	12,792,730	\$ 12,568,594	11,955,842	\$ 11,521,669
General, Central & School Administration	6,456,809	6,444,259	6,392,611	6,392,611
Operation & Maintenance of Facilities	6,749,522	6,726,365	6,734,278	6,734,278
Pupil Transportation	5,533,660	5,533,660	5,238,761	5,076,867
Interest and Fiscal Charges	94,337	94,337	105,318	105,318
Unallocated Benefits	312,762	312,762	642,457	642,457
Total expenses	<u>\$ 71,080,268</u>	<u>\$ 69,003,979</u>	<u>\$ 69,199,651</u>	<u>\$ 66,446,614</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Curriculum and staff development includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Extracurricular activities includes expenses related to student activities provided by the School district which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District.

Other includes unallocated depreciation and amortization.

### **The School District's Funds**

These funds are accounted for using the modified accrual basis of accounting. All governmental funds (i.e., general fund, special revenue fund, capital projects and debt service fund presented in the fund-based statements) had total revenues of \$74,113,026.07 and expenditures of \$72,655,621.80.

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management. The following schedules present a summary of the revenues of the governmental funds (excluding capital projects) for the fiscal year ended June 30, 2012, and the amount and percentage of increases and decreases in relation to prior year revenues.

Revenue	2012 Amount	Percent of Total	2011 Amount	Percent of Total
Local Sources	\$51,641,663	69.68%	\$50,463,543	70.64%
State Sources	20,306,624	27.40%	18,543,693	25.96%
Federal Sources	2,164,739	2.92%	2,428,092	3.40%
Total	\$74,113,026	100.00%	\$71,435,328	100.00%

The following schedule presents a summary of general fund, special revenue fund, capital projects fund and debt service fund expenditures for the fiscal year ended June 30, 2012.

Expenditures	2012 Amount	Percent of Total	2011 Amount	Percent of Total
Current:				
Instruction	\$26,812,450	36.91%	\$26,796,093	37.75%
Undistributed Expenditures	43,509,425	59.88%	41,702,169	58.75%
Capital outlay	1,812,231	2.49%	1,947,214	2.74%
Debt service:				
Principal	422,591	0.58%	422,000	0.59%
Interest	98,925	0.14%	112,923	0.17%
Total	\$72,655,622	100.00%	\$70,980,399	100.00%

### General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of modified accrual and encumbrance accounting. The most significant budgeted fund is the General Fund.

During the course of the fiscal year 2012, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

- ◆ Salary accounts were adjusted to reflect: changes in staff assignments; retirements, resignations and the resulting new hires; program adjustments necessitated by student population changes.
- ◆ Additional costs for student transportation both in regular education and special education.
- ◆ Additional state aid was used to install a district wide wireless network.
- ◆ Changes in appropriations to prevent budget overruns.
- ◆ Property, liability, and medical insurances were renewed within anticipated rate increases and were budgeted accordingly.
- ◆ TPAF, which is the state's contribution to the pension fund and social security, is neither a revenue item nor an expenditure item to the district but is required to be reflected in the financial statements.

**Capital Assets**

At the end of the fiscal year 2012, the School District had \$14,756,372 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2012 balances compared to 2011.

	Governmental Activities		Business-Type Activities	
	2012	2011	2012	2011
Land	\$ 2,327,249	\$ 2,327,249		
Construction in Progress	476,477	657,725		
Building and Improvements	9,817,022	10,172,943		
Machinery and Equipment	2,135,624	1,009,386	298,436	309,875
	<u>\$ 14,756,372</u>	<u>\$ 14,167,303</u>	<u>\$ 298,436</u>	<u>\$ 309,875</u>

Overall capital assets increased \$589,069 from fiscal year 2011 to fiscal year 2012. The capital asset decreases was due primarily to revised inventory to account for obsolete technology and additional depreciation expenses on for all assets.

**Debt Administration**

At June 30, 2012, the School District had total debt issued of \$4,789,954 with an outstanding balance of \$2,802,914. This debt was issued through serial bonds and loans for school construction and infrastructure. In January 2003 the voters of West Milford Township approved a referendum to improve district facilities in the amount of \$6,173,688 of which \$4,463,000 was issued as debt and the balance came from state grants. In December 2008, the district received an interest free loan from the School Development Authority to fund the remediation of two fuel tanks in the transportation depot.

The district maintains a low proportion of debt relative to its maximum overall legal debt margin of \$136,568,389.00 at June 30, 2012.

Debt Issue	Date of Issue	Amount of Issue	Balance Due
SDA UST Interest Free Loan	12/1/2008	\$ 45,153.00	\$ 31,910.00
Bond 2003	7/15/2003	\$ 4,463,000.00	\$ 2,733,000.00
Small Project Loan	7/15/1993	211,027	30,600
Low Interest Loan	7/15/1993	70,342	7,404
Total		\$ 4,789,522	\$ 2,802,914

### **For the Future**

The West Milford Township Public School District is in very good financial condition presently. Major concerns facing the district include aging infrastructure, increased reliance on local property taxes, potential residential development, and increases in expenses which exceed the state imposed budget cap. However, future finances are not without challenges as costs increase and state funding lags.

West Milford Township is primarily a residential community, with limited commercial rates; thus the burden is focused on homeowners to shoulder the property tax obligation.

The West Milford Township Public School District has committed itself to financial and educational excellence. The School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

### **Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School district's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/Board Secretary at West Milford Township Board of Education, 46 Highlander Drive, West Milford, N.J. 07480; 973-697-1700 extension 5051.



## **BASIC FINANCIAL STATEMENTS**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	2,142,956.13	72,784.53	2,215,740.66
Receivables, net	2,119,876.54	28,268.02	2,148,144.56
Inventory		10,161.26	10,161.26
Restricted assets:			
Capital reserve account - cash	935,699.78		935,699.78
Maintenance reserve account - cash	500,000.00		500,000.00
Capital assets:			
Land and Construction in Progress	2,803,725.92		2,803,725.92
Other capital assets, net	11,952,646.04	298,435.94	12,251,081.98
Total Assets	<u>20,454,904.41</u>	<u>409,649.75</u>	<u>20,864,554.16</u>
<b>LIABILITIES</b>			
Accounts payable	123,098.80	1,807.59	124,906.39
Accrued interest payable	27,353.00		27,353.00
Contracts Payable	9,447.00		9,447.00
Interfund Payable		189,904.70	189,904.70
Payable to state government	49.00		49.00
Deferred revenue	39,902.00	525.00	40,427.00
Noncurrent liabilities:			
Due within one year	995,579.82		995,579.82
Due beyond one year	6,647,642.41		6,647,642.41
Total liabilities	<u>7,843,072.03</u>	<u>192,237.29</u>	<u>8,035,309.32</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	10,738,769.08	298,435.94	11,037,205.02
Restricted for:			
Other purposes	4,886,359.88	38,950.00	4,925,309.88
Debt service	133,476.99		133,476.99
Capital projects	33,423.92		33,423.92
Unrestricted	(3,180,197.49)	(119,973.48)	(3,300,170.97)
Total net assets	<u><u>12,611,832.38</u></u>	<u><u>217,412.46</u></u>	<u><u>12,829,244.84</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Indirect Expenses Allocation	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:								
Instruction:								
Regular	19,551,915.03	8,913,887.17	385,869.16	1,425,781.02		(26,654,152.02)		(26,654,152.02)
Special education	5,800,048.89	3,417,676.81			4,797.00	(9,212,928.70)		(9,212,928.70)
Other special instruction	207,229.23	-				(207,229.23)		(207,229.23)
Other instruction	1,249,691.89	-				(1,249,691.89)		(1,249,691.89)
Support services:								
Tuition	4,516,966.91	-				(4,516,966.91)		(4,516,966.91)
Student & instruction related services	6,441,080.69	1,834,682.27		224,135.91		(8,051,627.05)		(8,051,627.05)
General administrative services	1,178,766.67	281,673.03			12,550.00	(1,447,889.70)		(1,447,889.70)
School administrative service	2,480,140.09	1,200,296.08				(3,680,436.17)		(3,680,436.17)
Central services and Admin. Infor. Tech.	927,077.15	388,856.02				(1,315,933.17)		(1,315,933.17)
Plant operations and maintenance	5,282,819.86	1,466,702.16			23,157.00	(6,726,365.02)		(6,726,365.02)
Pupil transportation	4,315,960.61	1,217,698.89				(5,533,659.50)		(5,533,659.50)
Capital Outlay - Non-depreciable	11,889.00					(11,889.00)		(11,889.00)
Interest on long-term debt	94,337.22	-				(94,337.22)		(94,337.22)
Unallocated depreciation and amortization		300,872.99				(300,872.99)	-	(300,872.99)
Total governmental activities	52,057,923.24	19,022,345.42	385,869.16	1,649,916.93	40,504.00	(69,003,978.57)	-	(69,003,978.57)
Business-type activities:								
Food Service	1,310,629.96	19,848.34	919,116.67	280,669.34	-	-	(130,692.29)	(130,692.29)
Adult Community School	508,619.03	9,717.47	441,759.04	-	-		(76,577.46)	(76,577.46)
Total business-type activities	1,819,248.99	29,565.81	1,360,875.71	280,669.34	-	-	(207,269.75)	(207,269.75)
Total primary government	53,877,172.23		1,746,744.87	1,930,586.27	40,504.00	(69,003,978.57)	(207,269.75)	(69,211,248.32)
General revenues:								
Taxes:								
Property taxes, levied for general purposes, net						50,367,069.00		50,367,069.00
Taxes levied for debt service						516,668.00		516,668.00
Federal and State aid not restricted						20,819,341.85		20,819,341.85
State Aid - Restricted for Debt Service						4,848.00		4,848.00
Investment Earnings						987.19	1,626.15	2,613.34
State Aid - Capital Outlay						6,457.00		6,457.00
Transferred to Enterprise Fund						(128,090.59)	128,090.59	-
Miscellaneous Income						361,868.94		361,868.94
Total general revenues, special items, extraordinary items and transfers						71,949,149.39	129,716.74	72,078,866.13
Change in Net Assets						2,945,170.82	(77,553.01)	2,867,617.81
Net Assets—beginning						9,666,661.56	294,965.47	9,961,627.03
Net Assets—ending						12,611,832.38	217,412.46	12,829,244.84

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**WEST MILFORD BOARD OF EDUCATION**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	2,243,657.20		10,957.71	133,476.99	2,388,091.90
Due from other funds	379,880.65				379,880.65
Receivables from other governments	1,113,268.82	286,598.86	213,389.58		1,613,257.26
Other Accounts Receivable	302,215.00	6,000.00			308,215.00
Restricted cash and cash equivalents	1,435,699.78				1,435,699.78
Total assets	<u>5,474,721.45</u>	<u>292,598.86</u>	<u>224,347.29</u>	<u>133,476.99</u>	<u>6,125,144.59</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Cash Deficit		245,135.77			245,135.77
Contracts Payable			9,447.00		9,447.00
Accounts payable	81,383.71	41,715.09			123,098.80
Due to other funds			181,476.37		181,476.37
Payable to state government		49.00			49.00
Deferred revenue	34,203.00	5,699.00			39,902.00
Total liabilities	<u>115,586.71</u>	<u>292,598.86</u>	<u>190,923.37</u>	<u>-</u>	<u>599,108.94</u>
Fund Balances:					
Committed to:					
Other Purposes	379,385.38				379,385.38
Assigned to:					
Designated by the Board of Education					
For Subsequent Year's expenditures	0.21				0.21
Restricted for:					
Capital reserve account	935,699.78				935,699.78
Maintenance reserve account	500,000.00				500,000.00
Excess Surplus	1,792,855.31				1,792,855.31
Excess Surplus Designated for					
Subsequent Year's Expenditures	1,657,804.79				1,657,804.79
Debt Service Fund				133,476.99	133,476.99
Capital Projects Fund			33,423.92		33,423.92
Unassigned:					
General fund	93,389.27				93,389.27
Total fund balances (Deficit)	<u>5,359,134.74</u>	<u>-</u>	<u>33,423.92</u>	<u>133,476.99</u>	<u>5,526,035.65</u>
Total liabilities and fund balances	<u>5,474,721.45</u>	<u>292,598.86</u>	<u>224,347.29</u>	<u>133,476.99</u>	<u>6,125,144.59</u>

Amounts reported for governmental activities in the statement of net assets (A-1) are different because:

Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.

(27,353.00)

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$36,591,656.52 and the accumulated depreciation is \$21,835,284.56.

14,756,371.96

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.

(7,643,222.23)

Net assets of governmental activities

12,611,832.38

**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>REVENUES</b>					
Local sources:					
Local tax levy	50,367,069.00			516,668.00	50,883,737.00
Tuition charges	385,869.16				385,869.16
Interest Earned on Capital Reserve Funds	987.19				987.19
Local Grants		9,200.51			9,200.51
Miscellaneous	359,890.93		1,978.01		361,868.94
Total - Local Sources	51,113,816.28	9,200.51	1,978.01	516,668.00	51,641,662.80
State sources	20,289,670.38	5,649.00	6,457.00	4,848.00	20,306,624.38
Federal sources	529,671.47	1,635,067.42			2,164,738.89
Total revenues	71,933,158.13	1,649,916.93	8,435.01	521,516.00	74,113,026.07
<b>EXPENDITURES</b>					
Current:					
Regular instruction	18,129,698.85	1,425,781.02			19,555,479.87
Special education instruction	5,800,048.89				5,800,048.89
Other special instruction	207,229.23				207,229.23
Other instruction	1,249,691.89				1,249,691.89
Support services and undistributed costs:					
Tuition	4,516,966.91				4,516,966.91
Student & instruction related services	6,345,779.94	224,135.91			6,569,915.85
General administrative services	1,212,227.11				1,212,227.11
School administrative services	2,487,570.98				2,487,570.98
Central Services and Admin. Infor. Tech.	927,077.15				927,077.15
Plant operations and maintenance	5,348,345.92				5,348,345.92
Pupil transportation	4,702,924.60				4,702,924.60
Unallocated employee benefits	17,744,396.21				17,744,396.21
Capital outlay	1,775,030.19		37,201.00		1,812,231.19
Debt service:					
Principal				422,591.13	422,591.13
Interest and other charges				98,924.87	98,924.87
Total expenditures	70,446,987.87	1,649,916.93	37,201.00	521,516.00	72,655,621.80
Excess (Deficiency) of revenues over expenditures	1,486,170.26	-	(28,765.99)	-	1,457,404.27
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital leases (non-budgeted)	1,023,879.93				1,023,879.93
Transfer out to - Enterprise Fund	(128,090.59)				(128,090.59)
Transfers in - Capital Projects Fund	33,159.79				33,159.79
Transfer out			(33,159.79)		(33,159.79)
Total other financing sources and uses	928,949.13	-	(33,159.79)	-	895,789.34
Net change in fund balances	2,415,119.39	-	(61,925.78)	-	2,353,193.61
Fund balance—July 1	2,944,015.35		95,349.70	133,476.99	3,172,842.04
Fund balance—June 30	5,359,134.74	-	33,423.92	133,476.99	5,526,035.65

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2012**

**Total net change in fund balances - governmental funds (from B-2)** 2,353,193.61

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures.

However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current fiscal year.

Depreciation expense	(950,904.68)	
Capital outlay	<u>1,840,846.19</u>	889,941.51

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities.

In the current year, these amounts consist of:

Principal Payments on Capital Leases		625,781.38
Principal Payments on Bonds Payable		422,591.13

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount exceeds the earned amount the difference is an addition to the reconciliation (+).

(Increase) Decrease in Compensated Absences Payable		(26,171.54)
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Proceeds from debt issues are a financing source in the government funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets.

Capital Lease Proceeds		(1,023,879.93)
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In the statement of activities, only the gain on the disposal of capital assets is reported, whereas in the governmental funds, the proceeds from a sale increase financial resources. Thus, the change in net assets will differ from the change in fund balance by the cost of the asset removed.(-)

		(300,872.99)
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In the statement of activities, interest on long-term debt is accrued, regardless of when due. In the governmental funds, interest is reported when due. The change in accrued interest is an increase in the reconciliation.

		<u>4,587.65</u>
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**Change in net assets of governmental activities**

		<u><u>2,945,170.82</u></u>
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**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Enterprise Fund</b>
	<b>Food Service</b>	<b>Adult School</b>	
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	60,674.49	12,110.04	72,784.53
Intergovernmental receivables:			
State	564.57		564.57
Federal	12,228.45		12,228.45
Other receivables	15,475.00		15,475.00
Inventories	10,161.26		10,161.26
Total current assets	<u>99,103.77</u>	<u>12,110.04</u>	<u>111,213.81</u>
Noncurrent assets:			
Furniture, machinery & equipment	495,908.82	284,704.78	780,613.60
Less accumulated depreciation	<u>(349,732.46)</u>	<u>(132,445.20)</u>	<u>(482,177.66)</u>
Total noncurrent assets	<u>146,176.36</u>	<u>152,259.58</u>	<u>298,435.94</u>
Total assets	<u><u>245,280.13</u></u>	<u><u>164,369.62</u></u>	<u><u>409,649.75</u></u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	1,807.59		1,807.59
Interfund Payable:			
General Fund	97,296.18	92,608.52	189,904.70
Deferred Revenue		525.00	525.00
Total current liabilities	<u>99,103.77</u>	<u>93,133.52</u>	<u>192,237.29</u>
<b>NET ASSETS</b>			
Invested in Capital Assets Net of Related Debt	146,176.36	152,259.58	298,435.94
Contributed Capital		38,950.00	38,950.00
Unreserved retained earnings	<u>-</u>	<u>(119,973.48)</u>	<u>(119,973.48)</u>
Total net assets	<u><u>146,176.36</u></u>	<u><u>71,236.10</u></u>	<u><u>217,412.46</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Business-type Activities - Enterprise Fund</b>		<b>Total Enterprise Fund</b>
	<b>Food Service</b>	<b>Adult School</b>	
Operating revenues:			
Charges for services:			
Daily sales - reimbursable lunch programs	531,153.66		531,153.66
Daily sales - non-reimbursable programs	366,085.04		366,085.04
Special functions	21,290.91		21,290.91
Miscellaneous	587.06		587.06
Program Fees		441,759.04	441,759.04
Total operating revenues	<u>919,116.67</u>	<u>441,759.04</u>	<u>1,360,875.71</u>
Operating expenses:			
Cost of sales	474,634.49		474,634.49
Salaries	501,327.49	352,497.30	853,824.79
Employee benefits	214,020.94	70,604.96	284,625.90
Purchased professional / technical services		62,732.29	62,732.29
Repairs	15,375.30		15,375.30
General supplies	32,166.60	16,767.38	48,933.98
Depreciation	19,848.34	9,717.47	29,565.81
Management fees	65,106.02		65,106.02
Miscellaneous	7,999.12	6,017.10	14,016.22
Total operating expenses	<u>1,330,478.30</u>	<u>518,336.50</u>	<u>1,848,814.80</u>
Operating Income (loss)	<u>(411,361.63)</u>	<u>(76,577.46)</u>	<u>(487,939.09)</u>
Non-operating revenues (expenses):			
State sources:			
State school lunch program	9,536.89		9,536.89
Federal sources:			
National school lunch program	200,651.31		200,651.31
School breakfast program	6,320.62		6,320.62
Food distribution program	44,885.52		44,885.52
Gain on sale of fixed assets (proceeds)	3,800.00		3,800.00
Food management company subsidy	15,475.00		15,475.00
Interest and investment revenue	880.46	745.69	1,626.15
Total non-operating revenues (expenses)	<u>281,549.80</u>	<u>745.69</u>	<u>282,295.49</u>
Income (loss) before contributions & transfers	<u>(129,811.83)</u>	<u>(75,831.77)</u>	<u>(205,643.60)</u>
Transfers In (Out)	<u>128,090.59</u>		<u>128,090.59</u>
Change in net assets	<u>(1,721.24)</u>	<u>(75,831.77)</u>	<u>(77,553.01)</u>
Total Net Asset - Beginning	<u>147,897.60</u>	<u>147,067.87</u>	<u>294,965.47</u>
Total net assets—Ending	<u>146,176.36</u>	<u>71,236.10</u>	<u>217,412.46</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Enterprise Fund</b>
	<b>Food Service</b>	<b>Adult School</b>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers	920,425.82	441,759.04	1,362,184.86
Receipts / (payments) for interfunds	13,716.43	65,024.33	78,740.76
Payments to employees	(501,327.49)	(352,497.30)	(853,824.79)
Payments to suppliers	(768,628.03)	(158,886.73)	(927,514.76)
Net cash provided by (used for) operating activities	(335,813.27)	(4,600.66)	(340,413.93)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
State Sources	10,198.02		10,198.02
Federal Sources	213,308.54		213,308.54
Operating subsidies	128,090.59		128,090.59
Net cash provided by (used for) non-capital financing activities	351,597.15	-	351,597.15
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchases of capital assets	(18,127.10)		(18,127.10)
Gain/Loss on sale of fixed assets (proceeds)	3,800.00		3,800.00
Net cash provided by (used for) capital and related financing activities	(14,327.10)	-	(14,327.10)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	880.46	745.69	1,626.15
Net cash provided by (used for) investing activities	880.46	745.69	1,626.15
Net increase (decrease) in cash and cash equivalents	2,337.24	(3,854.97)	(1,517.73)
Balances—beginning of year	58,337.25	15,965.01	74,302.26
Balances—end of year	60,674.49	12,110.04	72,784.53
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	(411,361.63)	(76,577.46)	(487,939.09)
Adjustments to reconcile operating loss to net cash provided (used for) operating activities			
Depreciation	19,848.34	9,717.47	29,565.81
Food distribution program donated commodities	44,885.52		44,885.52
(Increase) / decrease in accounts receivable	1,309.15		1,309.15
(Increase) / decrease in inventories	(6,018.67)		(6,018.67)
Increase / (decrease) in accounts payable	1,807.59	-	1,807.59
Increase / (decrease) in interfund payable	13,716.43	65,024.33	78,740.76
Increase / (decrease) in deferred revenue		(2,765.00)	(2,765.00)
Total adjustments	75,548.36	71,976.80	147,525.16
Net cash provided by (used for) operating activities	(335,813.27)	(4,600.66)	(340,413.93)

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>			
Cash and cash equivalents	<u>968,176.49</u>	<u>401,181.09</u>	<u>361,897.66</u>
Total assets	<u><u>968,176.49</u></u>	<u><u>401,181.09</u></u>	<u><u>361,897.66</u></u>
<b>LIABILITIES</b>			
Interfund accounts payable:			
General Fund			8,499.58
Payable to student groups			350,269.71
Payroll deductions and withholdings			<u>3,128.37</u>
Total liabilities	<u>-</u>	<u>-</u>	<u><u>361,897.66</u></u>
<b>NET ASSETS</b>			
Held in trust for unemployment claims and other purposes	<u><u>968,176.49</u></u>		
Reserved for scholarships		<u><u>401,181.09</u></u>	

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**WEST MILFORD BOARD OF EDUCATION**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Unemployment Compensation Trust</u>	<u>Private Purpose Scholarship Fund</u>
<b>ADDITIONS</b>		
Plan Member Contributions	57,966.89	
Total Contributions	<u>57,966.89</u>	<u>-</u>
Investment earnings:		
Interest	5,861.84	2,368.32
Net investment earnings	<u>5,861.84</u>	<u>2,368.32</u>
Total additions	<u>63,828.73</u>	<u>2,368.32</u>
<b>DEDUCTIONS</b>		
Unemployment claims	79,095.27	
Scholarships awarded		10,500.00
Total deductions	<u>79,095.27</u>	<u>10,500.00</u>
Change in net assets	(15,266.54)	(8,131.68)
Net assets—beginning of the year	<u>983,443.03</u>	<u>409,312.77</u>
Net assets—end of the year	<u><u>968,176.49</u></u>	<u><u>401,181.09</u></u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NOTES TO THE BASIC  
FINANCIAL STATEMENTS**

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

The Board of Education ("Board") of the Township of West Milford School District ("District") is an instrumentality of the State of New Jersey, established to function as an educational institution. The Township of West Milford School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-12. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization's board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board of Education of the Township of West Milford School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the board's accounting policies are described below.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**A. Basis of Presentation:**

The Board's basic financial statements consist of District-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**District-wide Financial Statements:**

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

**Fund Financial Statements:**

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *government*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.



**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**General Fund** - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

**Special Revenue Fund** - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

**Capital Projects Fund** - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**PROPRIETARY FUNDS**

The focus of Proprietary Fund measurement is upon determination of net income, changes in net assets, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service. The following is a description of the Proprietary Funds of the Board:

**Enterprise Funds** - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Fund is comprised of the Food Service Fund and the Adult/Community School.

**FIDUCIARY FUNDS**

**Fiduciary Fund** - Fiduciary Fund reporting focuses on net assets and changes in net assets. The Fiduciary Funds are used to account for assets held by the Board on behalf of individuals, private organizations, other governments and/or other funds. Fiduciary Funds include the Unemployment Compensation Insurance Fund, the John Walsh Scholarship Trust Fund, the Vogel Scholarship Trust Fund and the Payroll Agency Fund.

**B. Measurement Focus:**

**District-wide Financial Statements**

The District-wide statements (i.e., the statement of net assets and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net assets, except for fiduciary funds.

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**B. Measurement Focus: (continued)**

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

**C. Basis of Accounting:**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants,

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**C. Basis of Accounting: (continued)**

**Revenues - Exchange and Non-exchange Transactions, (continued)**

entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

**Expenses/Expenditures**

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

**D. Budgets/Budgetary Control:**

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year. The Board of Education increased the original budget for Extraordinary Aid, Non-Public School Transportation Fund, Categorical Transportation Aid, and Education Jobs Fund during the fiscal year in the amount of \$720,699.80. The appropriations increased were for various tuition line items, transportation and speech, OT, PT and related services, social security contributions and health benefits.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**D. Budgets/Budgetary Control: (continued)**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

**E. Encumbrances:**

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

**F. Cash, Cash Equivalents and Investments:**

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**F. Cash, Cash Equivalents and Investments: (continued)**

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

**G. Tuition Revenues/Receivable:**

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

**H. Tuition Payable:**

Tuition charges were established by the receiving district. The charges are subject to adjustment when the final costs have been determined.

**I. Inventories:**

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**J. Prepaid Items:**

Payments made to vendors for services that will benefit periods beyond June 30, 2012, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

**K. Short-Term Interfund Receivables/Payables:**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**L. Capital Assets:**

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net assets and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 29, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Capital Assets (continued):**

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

**M. Compensated Absences:**

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**N. Deferred Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Deferred revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.



**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**O. Accrued Liabilities and Long-term Obligations:**

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

**P. Fund Balances:**

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**P. Fund Balances (continued):**

- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

**Q. Net Assets:**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**R. Operating Revenues and Expenses:**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service and program fees. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

**S. Extraordinary and Special Items:**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

**Township of West Milford School District  
Notes to the Basic Financial Statements  
for the Fiscal Year Ended June 30, 2012**

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**T. Allocation of Indirect Expenses:**

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. TPAF on-behalf contributions and changes in compensating absences have not been allocated and have been reported as unallocated benefits on the Statement of Activities. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

**U. Use of Estimates:**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2012, \$-0- of the District's bank balance of \$7,955,732.06 was exposed to custodial credit risk.

**Investments**

**Investment Rate Risk**

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (continued)**

**Credit Risk**

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowable investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer.

**NOTE 4. RECEIVABLES**

Receivables at June 30, 2012 consisted of accounts and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise Fund <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$1,326,658.40	\$ 654.57	\$1,327,222.97
Federal Aid	286,598.86	12,228.45	298,827.31
Interfunds	379,880.65	-	198,404.28
Other	<u>308,215.00</u>	<u>15,475.00</u>	<u>323,690.00</u>
	2,301,352.91	28,268.02	2,148,144.56
Gross Receivables			
Less:			
Allowance for Uncollectables	<u>-</u>	<u>-</u>	<u>-</u>
Total Receivables Net	<u>\$2,301,352.91</u>	<u>\$28,268.02</u>	<u>\$2,148,144.56</u>

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 5. INTERFUND BALANCES AND ACTIVITY**

Balance due to/from other funds at June 30, 2012 consist of the following:

Due to the General Fund from the Payroll Agency Account for interest earned on account and to set up Flexible Spending Account.	\$ 7,187.88
Due to the General Fund from the Payroll Account for interest earned on account.	1,311.70
Due to the General Fund from the Enterprise Fund for Salaries, Health Benefits, Budget amount to Cover the Deficit and State Aid receipts.	97,296.18
Due to the General Fund from the Capital Projects Fund for interest earned, cancellation of projects and cash receipts.	181,476.37
Due to the General Fund from the Adult Community School for salaries and health benefits.	<u>92,608.52</u>
	<u><u>\$379,880.65</u></u>

It is anticipated that all interfunds will be liquidated within the fiscal year.

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 6. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	<u>Balance</u> <u>6/30/11</u>	<u>Additions</u>	<u>Deductions</u>	<u>Adjustments</u>	<u>Balance</u> <u>6/30/12</u>
<b>Governmental Activities</b>					
Capital Assets that are not being depreciated:					
Land	2,327,249.42				2,327,249.42
Construction in Progress	<u>657,725.32</u>	<u>37,201.00</u>		<u>(218,449.82)</u>	<u>476,476.50</u>
Total Capital Assets, Not Being Depreciated	<u>2,984,974.74</u>	<u>37,201.00</u>		<u>(218,449.82)</u>	<u>2,803,725.92</u>
Capital Assets being depreciated:					
Building and Building improvements	24,900,547.42	115,678.82		93,481.99	25,109,708.23
Machinery and equipment	<u>7,245,599.62</u>	<u>1,811,382.98</u>	<u>(430,692.07)</u>	<u>51,931.84</u>	<u>8,678,222.37</u>
Total Capital Assets, Being Depreciated	<u>32,146,147.04</u>	<u>1,927,061.80</u>	<u>(430,692.07)</u>	<u>145,413.83</u>	<u>33,787,930.60</u>
Less Accumulated Depreciation:					
Building and Improvements	(14,727,604.40)	( 65,081.77)			(15,292,686.17)
Equipment	<u>( 6,236,213.94)</u>	<u>( 385,822.91)</u>	<u>79,438.46</u>		<u>( 6,542,598.39)</u>
Total Accumulated Depreciation	<u>(20,963,818.34)</u>	<u>( 950,904.68)</u>	<u>79,438.46</u>		<u>(21,835,284.56)</u>
Total Capital Assets Being Depreciated, Net	<u>11,182,328.70</u>	<u>976,157.12</u>	<u>(351,253.61)</u>	<u>145,413.83</u>	<u>11,952,646.04</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>14,167,303.44</u>	<u>1,013,358.12</u>	<u>(351,253.61)</u>	<u>(73,035.99)</u>	<u>14,756,371.96</u>
<b>Business Type Activities:</b>					
Food Services	491,262.42	18,127.10	(13,480.70)		495,908.82
Community School	<u>284,704.78</u>				<u>284,704.78</u>
Total	<u>775,967.20</u>	<u>18,127.10</u>	<u>(13,480.70)</u>		<u>780,613.60</u>
Less Accumulated Depreciation:					
Food Services	( 343,364.82)	(19,848.34)	13,480.70		( 349,732.46)
Community School	<u>( 122,727.73)</u>	<u>( 9,717.47)</u>			<u>( 132,445.20)</u>
	<u>( 466,092.55)</u>	<u>(29,565.81)</u>	<u>13,480.70</u>		<u>( 482,177.66)</u>
<b>Business Type Activities Capital Assets, Net</b>	<u>309,874.65</u>	<u>(11,438.71)</u>			<u>298,435.94</u>

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 6. CAPITAL ASSETS (continued)**

Depreciation expense was charged to functions as follows:

Instruction:

Regular Education	\$562,044.03
Special Education	41,207.10
Student & Instruction Related Services	75,442.59
School Administration	27,548.16
General Administration	15,127.04
Plant Operations & Maintenance	62,887.18
Pupil Transportation	151,521.54
Capital Services & Admin. Info. Tech.	<u>15,127.04</u>
Total Depreciation Expense	<u>\$950,904.68</u>

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY**

Changes in long-term obligations for the fiscal year ended June 30, 2012, were as follows:

	<u>Balance</u> <u>June 30, 2011</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
Capital Lease Payable	\$ 816,590.21	\$1,023,879.93	\$625,781.38	\$1,214,688.76	\$552,352.84
Compensated Absences	3,599,447.81	294,806.90	268,635.36	3,625,619.35	-
Bonds Payable	3,133,000.00	-	400,000.00	2,733,000.00	420,000.00
Public School Facilities Loan Payable	56,037.25	-	18,032.63	38,004.62	18,668.48
Petroleum UST Remediation Upgrade and Closure Fund Payable	<u>36,468.00</u>	<u>-</u>	<u>4,558.50</u>	<u>31,909.50</u>	<u>4,558.50</u>
	<u>\$7,641,543.27</u>	<u>\$1,318,686.83</u>	<u>\$1,317,007.87</u>	<u>\$7,643,222.23</u>	<u>\$995,579.82</u>

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)**

**A. Bonds Payable:**

Bonds are authorized in accordance with State law by the voters of the District through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the District are general obligation bonds.

Outstanding Bonds Payable at June 30, 2012 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of Maturity</u>	<u>Principal Balance June 30, 2012</u>
School Bonds of 2003	7/15/03	2.25-3.30%	9/15/17	\$2,733,000.00

Principal and interest due on serial bonds outstanding is as follow:

<u>Outstanding Year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	420,000.00	83,259.00	503,259.00
2014	445,000.00	68,986.50	513,986.50
2015	480,000.00	53,724.00	533,724.00
2016	500,000.00	37,554.00	537,554.00
2017	500,000.00	21,054.00	521,054.00
2018	<u>388,000.00</u>	<u>6,402.00</u>	<u>394,402.00</u>
	<u>2,733,000.00</u>	<u>270,979.50</u>	<u>3,003,979.50</u>

**B. Public School Facilities Loan Payable:**

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	18,668.48	1,305.75	19,974.23
2014	<u>19,336.14</u>	<u>441.13</u>	<u>19,777.27</u>
	<u>38,004.62</u>	<u>1,746.88</u>	<u>39,751.50</u>



**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)**

**C. Petroleum UST Remediation, Upgrade and Closure Fund Payable:**

In March of 2000 and December of 2008, the Board of Education accepted a loan from the New Jersey Economic Development Authority for the remediation, upgrade and/or closure of underground storage tanks. Repayments are to start on April 10, 2002. This is an interest free loan. The details for the remaining years are shown below:

<u>Year Ending June 30,</u>	<u>Principal</u>
2013	\$ 4,558.50
2014	4,558.50
2015	4,558.50
2016	4,558.50
2017-2019	<u>13,675.50</u>
	<u>\$31,909.50</u>

**D. Capital Leases Payable:**

The District is leasing transportation equipment, maintenance equipment and classroom equipment under capital leases. All capital leases are for terms of three to eight years.

The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2012.

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 589,336.38
2014	369,272.66
2015	261,186.27
2016	69,310.37
2017	<u>7,378.00</u>
Total Minimum Lease Payments	1,296,483.68
Less: Amount representing interest	<u>( 81,794.92)</u>
Present Value of net minimum lease	<u>\$1,214,688.76</u>

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 7. LONG-TERM OBLIGATION ACTIVITY (continued)**

**D. Capital Leases Payable: (continued)**

Maturities of capital leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2013	\$ 552,352.84
2014	340,253.37
2015	248,150.37
2016	66,593.19
2017	<u>7,338.99</u>
Total	<u>\$1,214,688.76</u>

**NOTE 8. PENSION PLANS**

**Description of Plans** - Substantially all employees of the District are covered by either the Public Employees' Retirement System (PERS), the Teachers' Pension and Annuity Fund (TPAF) or the Defined Contribution Retirement Program (DCRP), which have been established by state statute. PERS and TPAF are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the Internet at: <http://www.state.nj.us/treasury/pensions/annrpts/archive.htm>. Prudential Financial jointly administers the DCRP investments with the New Jersey Division of Pensions and Benefits. As a general rule, all full-time employees are eligible to join the TPAF or the PERS. However, if an employee is ineligible to enroll in the TPAF or PERS, the employee may be eligible to enroll in DCRP.

**Teachers' Pension and Annuity Fund (TPAF)** - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 8. PENSION PLANS (continued)**

**Public Employees' Retirement System (PERS)** - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

**Defined Contribution Retirement Plan (DCRP)** - The Defined Contribution Retirement Program was established on July 1, 2007 for certain public employees under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The program provides eligible members with a tax-sheltered, defined contribution retirement benefit, in addition to life insurance and disability coverage. Vesting is immediate upon enrollment for members of th DCRP.

**Contribution Requirements** - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by the State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% of PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. This phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums. Employee contributions for DCRP are based on 5.50% of employee's annual compensation and are matched by a 3% employer contribution.

During the year ended June 30, 2012 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS, equal to the required contributions for each year, were as follows:

<u>Year Ending</u>	
6/30/12	\$1,026,538.00
6/30/11	993,731.00
6/30/10	769,933.00

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 8. PENSION PLANS (continued)**

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits were as follows:

<u>Year Ending</u>	<u>Pension Contributions</u>	<u>Post-Retirement Medical Contributions</u>	<u>NCGI Premium</u>
6/30/12	\$861,770.00	\$1,918,293.00	\$ 92,480.00
6/30/11	-	2,008,535.00	94,564.00
6/30/10	-	1,940,290.00	103,309.00

During the year ended June 30, 2012, the State of New Jersey contributed \$2,872,543.00 to the TPAF for pension contributions, NCGI premium contributions and post-retirement medical benefits on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$2,161,506.48 during the year ended June 30, 2012 for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. These amounts have been included in the district-wide financial statements, and the fund-based statements as revenues and expenditures in accordance with GASB 24.

Legislation enacted during 1993 provides early retirement incentives for certain members of the TPAF and PERS who met certain age and service requirements and who applied for retirement between certain dates in the 1993 fiscal year. The early retirement incentives include: (a) an additional five years of service credit for employees at least age 50 with a minimum of 25 years of service; (b) free health benefits for employees at least 60 years old with at least 20 years of service; and (c) an additional \$500 per month for two years for employees at least age 60 with 10 but less than 20 years of service. The Board did not offer the early retirement incentive program (ERIP) to its employees for both PERS and TPAF.

The Board made contributions to the DCRP for the fiscal years ending June 30, 2012, and 2011 in the amount of \$3,440.05 and \$3,299.41, respectively. There were no contributions made for the fiscal year ended June 30, 2010.

**NOTE 9. POST-RETIREMENT BENEFITS**

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2011, there were 93,323 retirees eligible

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 9. POST-RETIREMENT BENEFITS**

for post-retirement medical benefits and the State contributed \$935.5 million on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. In fiscal year 2011, the State paid \$144 million toward Chapter 126 benefits for 15,709 eligible retired members.

**NOTE 10. DEFERRED COMPENSATION**

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Financial Advisors	Metlife
Lincoln Investment Planning	Valic
Vanguard Retirement Annuity	Equitable

**NOTE 11. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has obtained insurance coverage to guard against these events to minimize the exposure to the District should they occur.

The District is currently a member of the Pooled Insurance Program of New Jersey (the "Pool"). The Pool provides their members with General Liability, Auto, Crime, Pollution, Excess Liability, Educators Legal Liability, Public Official Bonds and Student Job Training Insurance. The Pools risk-sharing public entity risk pool is both an insured and self administered group of School Districts established for the purpose of providing low-cost insurance coverage for their respective members in order to keep insurance costs at a minimum. Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Pool are elected.

As a member of the Pool, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Pool were to be exhausted, members would become responsible for their respective shares of the Pool's liabilities. However, this Pool has fully reinsured the exposures above all limits subscribed to by its members.

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 11. RISK MANAGEMENT** (continued)

The Pool can declare and distribute dividends to members upon arrival of the State of New Jersey Department of Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Financial statements for the Pool are available at the office of the Pool's administrator, 44 Bergen Street, P.O. Box 270, Westwood, New Jersey 07675.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

**New Jersey Unemployment Compensation Insurance** - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Contributions</u>	<u>State of NJ Reimbursement</u>	<u>Reimbursed</u>	<u>Balance</u>
2011-2012	\$5,861.84	\$57,966.89	\$79,095.27	\$ -	\$968,176.49
2010-2011	10,264.64	59,306.89	157,624.72	-	983,443.03
2009-2010	10,614.45	61,731.33	107,135.24	-	1,071,496.22

**NOTE 12. CAPITAL RESERVE ACCOUNT**

A capital reserve account was established by the Township of West Milford Board of Education by inclusion of \$10,000.00 on September 26, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). A district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unappropriated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A.19:60-2. Pursuant to N.J.A.C. 6A:23A-2.14.1(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 12. CAPITAL RESERVE ACCOUNT** (continued)

The activity of the capital reserve for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	\$153,530.81
Interest earnings	987.19
Deposit - Board resolution June 26, 2012	750,000.00
transfer from Capital Projects	<u>31,181.75</u>
Ending balance, June 30, 2012	<u>\$935,699.75</u>

The balance in the capital reserve account at June 30, 2012, does not exceed the balance of local support costs of uncompleted capital projects in its LRFP. Withdrawals from the capital reserve were for use in a DDE approved facilities project, consistent with the District's long-range facilities plan.

**NOTE 13. MAINTENANCE RESERVE ACCOUNT**

A maintenance reserve account was established by the Board of Education resolution adopted on June 26, 2012 in the amount of \$500,000.00. The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

The activity of the maintenance reserve account for the July 1, 2011 to June 30, 2012 fiscal year is as follows:

Beginning balance, July 1, 2011	\$ -
Deposit - Board resolution June 26, 2012	<u>500,000.00</u>
Ending balance, June 30, 2012	<u>\$500,000.00</u>

**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 14. FUND BALANCE APPROPRIATED**

**General Fund (Exhibit B-1)** - Of the \$5,359,134.74 General Fund fund balance at June 30, 2012, \$379,385.38 is reserved for encumbrances; \$3,450,660.10 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7; \$(1,657,804.79) of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2013; \$935,699.78 has been reserved in the Capital Reserve Account; \$500,000.00 has been reserved in the Maintenance Reserve Account; \$.21 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and \$93,389.27 is unreserved and undesignated.

**Debt Service Fund** - Of the \$133,476.99 Debt Service Fund fund balance at June 30, 2012 of \$0.00 has been appropriated and included as anticipated revenue for the year ending June 30, 2013; and \$133,476.99 is unreserved and undesignated.

**NOTE 15. CALCULATION OF EXCESS SURPLUS**

In accordance with N.J.S.A. 18A:7F-7, as amended, the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2012 is \$3,450,660.10 of which \$1,792,855.31 is the result of current year operations.

**NOTE 16. INVENTORY**

Inventory in the Food Service Fund at June 30, 2012 consisted of the following:

Food	\$ 7,259.07
Supplies	<u>2,902.19</u>
	<u>\$10,161.26</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.



**Township of West Milford School District**  
**Notes to the Basic Financial Statements**  
**for the Fiscal Year Ended June 30, 2012**

**NOTE 18. CONTINGENT LIABILITIES**

Grant Programs - The school district participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District's Counsel advises us there is one matter for which they have been engaged. The matter will not have a material adverse effect on the financial position of the School District.

**REQUIRED SUPPLEMENTARY STATEMENTS  
PART II**

## **BUDGETARY COMPARISON SCHEDULE**

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

Exhibit C-1  
Page 1 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources:					
Local Tax Levy	50,367,069.00		50,367,069.00	50,367,069.00	-
Tuition - Individuals	209,000.00		209,000.00	334,677.68	125,677.68
Tuition From Other LEAS Within the State	45,000.00		45,000.00	51,191.48	6,191.48
Interest Earned on Capital Reserve Funds	1,500.00		1,500.00	987.19	(512.81)
Unrestricted Miscellaneous Revenues	267,500.00		267,500.00	359,890.93	92,390.93
Total - Local Sources	50,890,069.00	-	50,890,069.00	51,113,816.28	223,747.28
State Sources:					
Equalization Aid	10,140,424.00		10,140,424.00	10,140,424.00	-
Categorical Special Education Aid	2,122,002.00		2,122,002.00	2,122,002.00	-
Categorical Security Aid	304,246.00		304,246.00	304,246.00	-
Categorical Transportation Aid	1,023,381.00	631,894.00	1,655,275.00	1,655,275.00	-
Nonpublic School Transportation Aid	-	46,483.80	46,483.80	61,272.90	14,789.10
Extraordinary Aid	750,000.00		750,000.00	944,740.00	194,740.00
Adjustment Aid	-	25,486.00	25,486.00	25,486.00	-
Anti - Bullying Legislation				2,175.00	2,175.00
On-behalf TPAF Pension (non-budgeted)				861,770.00	861,770.00
On-behalf TPAF NCGI Premium (non-budgeted)	-		-	92,480.00	92,480.00
On-behalf TPAF Post Retirement Medical (non-budgeted)	-		-	1,918,293.00	1,918,293.00
TPAF Social Security (Reimbursed - Non-Budgeted)	-		-	2,161,506.48	2,161,506.48
Total State Sources	14,340,053.00	703,863.80	15,043,916.80	20,289,670.38	5,245,753.58
Federal Sources:					
Medicaid Reimbursement	42,866.00		42,866.00	97,328.47	54,462.47
Education Jobs Fund	537,400.00	16,836.00	554,236.00	554,236.00	-
Total Federal Sources	580,266.00	16,836.00	597,102.00	651,564.47	54,462.47
<b>Total Revenues</b>	<b>65,810,388.00</b>	<b>720,699.80</b>	<b>66,531,087.80</b>	<b>72,055,051.13</b>	<b>5,523,963.33</b>
<b>EXPENDITURES:</b>					
Current Expense:					
Regular Programs - Instruction					
Kindergarten - Salaries of Teachers	471,035.00	12,113.00	483,148.00	483,147.15	0.85
Grades 1-5 - Salaries of Teachers	6,172,438.00	135,670.13	6,308,108.13	6,278,823.07	29,285.06
Grades 6-8 - Salaries of Teachers	3,986,863.00	(255,158.00)	3,731,705.00	3,731,339.55	365.45
Grades 9-12 - Salaries of Teachers	6,289,520.00	128,028.00	6,417,548.00	6,416,854.58	693.42
Regular Programs - Home Instruction:					
Salaries of Teachers	69,130.00	9,808.00	78,938.00	78,937.15	0.85
Purchased Professional-Educational Services	25,500.08	28,662.00	54,162.08	42,589.24	11,572.84
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction	398,681.00	(86,100.00)	312,581.00	304,629.80	7,951.20
Purchased Professional-Educational Services	10,700.00	-	10,700.00	4,752.48	5,947.52
Purchased Technical Services	7,550.00	(2,194.00)	5,356.00	3,806.00	1,550.00
Other Purchased Services (400-500 series)	42,195.14	(1,000.00)	41,195.14	39,198.20	1,996.94
General Supplies	672,318.33	8,961.90	681,280.23	617,577.71	63,702.52
Textbooks	144,046.77	(7,957.00)	136,089.77	124,673.92	11,415.85
Other Objects	9,600.00	-	9,600.00	3,370.00	6,230.00
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>18,299,577.32</b>	<b>(29,165.97)</b>	<b>18,270,411.35</b>	<b>18,129,698.85</b>	<b>140,712.50</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Cognitive - Moderate					
General Supplies	1,000.00	-	1,000.00	917.74	82.26
<b>Total Cognitive - Moderate</b>	<b>1,000.00</b>	<b>-</b>	<b>1,000.00</b>	<b>917.74</b>	<b>82.26</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
Learning and/or Language Disabilities					
Salaries of Teachers	267,480.00	-	267,480.00	267,480.00	-
Other Salaries for Instruction	175,493.00	86,100.00	261,593.00	234,259.40	27,333.60
General Supplies	4,200.00	(18.00)	4,182.00	4,120.11	61.89
Textbooks	1,000.00	18.00	1,018.00	913.25	104.75
<b>Total Learning and/or Language Disabilities</b>	<b>448,173.00</b>	<b>86,100.00</b>	<b>534,273.00</b>	<b>506,772.76</b>	<b>27,500.24</b>
Behavioral Disabilities:					
Salaries of Teachers	261,400.00	65,000.00	326,400.00	326,136.00	264.00
Other Salaries for Instruction	155,186.00	79,950.00	235,136.00	235,036.76	99.24
General Supplies	8,065.00	-	8,065.00	6,770.19	1,294.81
<b>Total Behavioral Disabilities</b>	<b>424,651.00</b>	<b>144,950.00</b>	<b>569,601.00</b>	<b>567,942.95</b>	<b>1,658.05</b>
Multiple Disabilities:					
Salaries of Teachers	53,390.00	-	53,390.00	53,390.00	-
Other Salaries for Instruction	155,186.00	-	155,186.00	135,597.20	19,588.80
General Supplies	1,400.00	-	1,400.00	1,262.27	137.73
<b>Total Multiple Disabilities</b>	<b>209,976.00</b>	<b>-</b>	<b>209,976.00</b>	<b>190,249.47</b>	<b>19,726.53</b>
Resource Room/Resource Center:					
Salaries of Teachers	3,747,040.00	(138,000.00)	3,609,040.00	3,568,646.40	40,393.60
Other Salaries for Instruction	659,536.00	-	659,536.00	648,570.70	10,965.30
General Supplies	22,150.00	(283.00)	21,867.00	19,770.53	2,096.47
Textbooks	5,125.00	(217.00)	4,908.00	4,770.18	137.82
<b>Total Resource Room/Resource Center</b>	<b>4,433,851.00</b>	<b>(138,500.00)</b>	<b>4,295,351.00</b>	<b>4,241,757.81</b>	<b>53,593.19</b>
Preschool Disabilities - Part-Time:					
Salaries of Teachers	131,740.00	56,070.60	187,810.60	187,810.60	-
Other Salaries for Instruction	130,291.00	(33,044.40)	97,246.60	96,213.69	1,032.91
General Supplies	1,600.00	-	1,600.00	459.91	1,140.09
<b>Total Preschool Disabilities - Part-Time</b>	<b>263,631.00</b>	<b>23,026.20</b>	<b>286,657.20</b>	<b>284,484.20</b>	<b>2,173.00</b>

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

Exhibit C-1  
Page 2 of 5

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Home Instruction</b>					
Purchased Professional - Educational Services	15,300.00	-	15,300.00	7,923.96	7,376.04
<b>Total Home Instruction</b>	15,300.00	-	15,300.00	7,923.96	7,376.04
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	5,796,582.00	115,576.20	5,912,158.20	5,800,048.89	112,109.31
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	118,380.00	28.00	118,408.00	118,407.38	0.62
General Supplies	2,585.00	(1,020.00)	1,565.00	1,434.09	130.91
Textbooks	-	120.00	120.00	120.00	-
<b>Total Basic Skills/Remedial - Instruction</b>	120,965.00	(872.00)	120,093.00	119,961.47	131.53
<b>Bilingual Education - Instruction</b>					
Salaries of Teachers	91,400.00	-	91,400.00	86,350.00	5,050.00
Other Purchased Services (400-500 series)	600.00	-	600.00	519.25	80.75
General Supplies	100.00	49.48	149.48	149.48	-
Textbooks	100.00	-	100.00	100.00	-
Other Objects	200.00	(49.48)	150.52	149.03	1.49
<b>Total Bilingual Education - Instruction</b>	92,400.00	-	92,400.00	87,267.76	5,132.24
<b>School-Spon. Cocurricular Activities - Instruction</b>					
Salaries	139,735.00	4,657.00	144,392.00	144,391.61	0.39
Supplies and Materials	1,300.00	10,489.00	11,789.00	547.42	11,241.58
Other Objects	75.00	180.00	255.00	254.23	0.77
<b>Total School-Spon. Cocurricular Activities - Instruction</b>	141,110.00	15,326.00	156,436.00	145,193.26	11,242.74
<b>School-Sponsored Athletics - Instruction</b>					
Salaries	499,885.00	3,748.00	503,633.00	486,165.36	17,467.64
Purchased Services (300-500 Series)	127,834.32	-	127,834.32	94,593.46	33,240.86
Supplies and Materials	75,105.00	-	75,105.00	63,024.64	12,080.36
Other Objects	33,825.00	-	33,825.00	27,793.50	6,031.50
<b>Total School-Sponsored Athletics - Instruction</b>	736,649.32	3,748.00	740,397.32	671,576.96	68,820.36
<b>Other Supplemental/At Risk Programs - Instruction</b>					
Salaries of Reading Specialists	451,910.00	-	451,910.00	432,921.67	18,988.33
<b>Total Other Supplemental/At Risk Programs - Instruction</b>	451,910.00	-	451,910.00	432,921.67	18,988.33
<b>Total Instruction</b>	25,639,193.64	104,612.23	25,743,805.87	25,386,668.86	357,137.01
<b>Undistributed Expenditures - Instruction:</b>					
Tuition to Other LEAS Within the State - Special	409,319.20	(75,364.00)	333,955.20	333,955.00	0.20
Tuition to County Voc. School Dist.- Regular	178,164.00	(204.00)	177,960.00	177,960.00	-
Tuition to County Voc. School Dist.- Special	155,333.50	(86,105.00)	69,228.50	68,385.52	842.98
Tuition to CSSD & Reg. Day Schools	-	68,055.00	68,055.00	66,584.50	1,470.50
Tuition to Private School for Disabled w/in State	3,659,762.47	242,516.00	3,902,278.47	3,816,560.89	85,717.58
Tuition - State Facilities	53,521.00	-	53,521.00	53,521.00	-
<b>Total Undistributed Expenditures - Instruction:</b>	4,456,100.17	148,898.00	4,604,998.17	4,516,966.91	88,031.26
<b>Undistributed Expend. - Attend. &amp; Social Work</b>					
Salaries	141,480.00	(43,000.00)	98,480.00	94,320.00	4,160.00
<b>Total Undistributed Expend. - Attend. &amp; Social Work</b>	141,480.00	(43,000.00)	98,480.00	94,320.00	4,160.00
<b>Undist. Expend. - Health Services</b>					
Salaries	650,000.00	700.00	650,700.00	650,700.00	-
Purchased Professional and Technical Services	35,520.00	(1,143.00)	34,377.00	30,625.41	3,751.59
Supplies and Materials	11,836.90	-	11,836.90	11,162.97	673.93
<b>Total Undistributed Expenditures - Health Services</b>	697,356.90	(443.00)	696,913.90	692,488.38	4,425.52
<b>Undist. Expend.-Speech, OT, PT &amp; Related Serv.</b>					
Salaries	811,290.00	14,920.00	826,210.00	826,210.00	-
Purchased Professional - Educational Services	352,484.75	(1,537.00)	350,947.75	335,550.19	15,397.56
Supplies and Materials	22,778.00	-	22,778.00	22,325.59	452.41
<b>Total Undist. Expend.-Speech, OT, PT &amp; Related Serv.</b>	1,186,552.75	13,383.00	1,199,935.75	1,184,085.78	15,849.97
<b>Undist. Expend. - Guidance</b>					
Salaries of Other Professional Staff	693,645.00	2,300.00	695,945.00	679,128.93	16,816.07
Salaries of Secretarial and Clerical Assistants	108,370.00	(2,300.00)	106,070.00	100,306.80	5,763.20
Purchased Professional - Educational Services	16,031.00	(15,381.00)	650.00	102.50	547.50
Other Purchased Prof. And Tech. Services	9,190.90	6,504.00	15,694.90	7,243.95	8,450.95
Supplies and Materials	13,678.00	5,686.00	19,364.00	7,275.24	12,088.76
<b>Total Undist. Expend. - Guidance</b>	840,914.90	(3,191.00)	837,723.90	794,057.42	43,666.48
<b>Undist. Expend.-Child Study Teams</b>					
Salaries of Other Professional Staff	1,775,975.00	(103,000.00)	1,672,975.00	1,672,664.31	310.69
Salaries of Secretarial and Clerical Assistants	242,170.00	716.00	242,886.00	242,883.51	2.49
Purchased Professional - Educational Services	13,463.00	(13,463.00)	-	-	-
Misc. Purchase Service (400-500 series other than resid costs)	2,020.00	-	2,020.00	2,020.00	-
Supplies and Materials	20,939.00	-	20,939.00	19,299.40	1,639.60
Other Objects	2,550.00	-	2,550.00	2,255.05	294.95
<b>Total Undist. Expend.-Child Study Teams</b>	2,057,117.00	(115,747.00)	1,941,370.00	1,939,122.27	2,247.73

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Improvement of Inst. Serv.</b>					
Salaries of Supervisor of Instruction	793,236.00	121,000.00	914,236.00	913,444.72	791.28
Salaries of Secr and Clerical Assist.	6,950.00	-	6,950.00	-	6,950.00
Purchased Prof - Educational Services	1,500.00	(1,500.00)	-	-	-
Other Purch Services (400-500)	200.00	-	200.00	200.00	200.00
Supplies and Materials	450.00	-	450.00	446.49	3.51
Other Objects	495.00	(250.00)	245.00	-	245.00
<b>Total Undist. Expend. - Improvement of Inst. Serv.</b>	<b>802,831.00</b>	<b>119,250.00</b>	<b>922,081.00</b>	<b>913,891.21</b>	<b>8,189.79</b>
<b>Undist. Expend. - Edu. Media Serv./Sch. Library</b>					
Salaries	504,420.00	44,241.00	548,661.00	548,660.16	0.84
Supplies and Materials	102,223.92	6,152.00	108,375.92	106,433.33	1,942.59
Other Objects	315.00	40.00	355.00	-	355.00
<b>Total Undist. Expend. - Edu. Media Serv./Sch. Library</b>	<b>606,958.92</b>	<b>50,433.00</b>	<b>657,391.92</b>	<b>655,448.49</b>	<b>1,943.43</b>
<b>Undist. Expend. - Instructional Staff Training Serv.</b>					
Salaries of Supervisors of Instruction	46,055.00	9,000.00	55,055.00	54,630.60	424.40
Other Purchased Services (400-500 series)	150.00	-	150.00	-	150.00
Supplies and Materials	405.00	-	405.00	140.93	264.07
Other Objects	22,761.00	96.00	22,857.00	17,594.86	5,262.14
<b>Total Undist. Expend. - Instructional Staff Training Serv.</b>	<b>69,371.00</b>	<b>9,096.00</b>	<b>78,467.00</b>	<b>72,366.39</b>	<b>6,100.61</b>
<b>Undist. Expend. - Supp. Serv. - General Admin.</b>					
Salaries	576,964.00	337.00	577,301.00	576,035.52	1,265.48
Legal Services	84,500.00	105,298.00	189,798.00	189,796.05	1.95
Audit Fees	61,850.00	(4,610.00)	57,240.00	27,490.00	29,750.00
Architectural / Engineering Services	5,100.00	14,397.00	19,497.00	17,497.00	2,000.00
Other Purchased Professional Services	9,783.00	17,570.00	27,353.00	27,352.56	0.44
Purchased Technical Services	14,920.00	(14,630.00)	290.00	150.00	140.00
Communications/Telephone	220,185.27	27,295.06	247,480.33	243,074.29	4,406.04
Misc. Purchased Services (400-500)	30,409.06	(8,609.06)	21,800.00	21,800.00	-
General Supplies	28,010.00	(4,797.00)	23,213.00	23,023.29	189.71
Judgment Against School District	20,000.00	(18,566.00)	1,434.00	1,433.49	0.51
Miscellaneous Expenditures	56,450.00	380.00	56,830.00	56,827.36	2.64
BOE Membership Dues and Fees	34,280.00	(6,532.00)	27,748.00	27,747.55	0.45
<b>Total Undist. Expend. - Supp. Serv. - General Admin.</b>	<b>1,142,451.33</b>	<b>107,533.00</b>	<b>1,249,984.33</b>	<b>1,212,227.11</b>	<b>37,757.22</b>
<b>Undist. Expend. - Support Serv. - School Admin.</b>					
Salaries of Principals/Asst. Principals/Prog. Dir.	1,695,345.00	(83,000.00)	1,612,345.00	1,612,255.76	89.24
Salaries of Secretarial and Clerical Assistants	749,953.00	92,000.00	841,953.00	839,785.12	2,167.88
Purchased Professional and Technical Services	16,798.00	-	16,798.00	11,982.00	4,816.00
Other Purchased Services (400-500 series)	11,510.00	-	11,510.00	8,513.00	2,997.00
Supplies and Materials	18,615.00	2,292.00	20,907.00	12,927.79	7,979.21
Other Objects	3,628.00	-	3,628.00	2,107.31	1,520.69
<b>Total Undist. Expend. - Support Serv. - School Admin.</b>	<b>2,495,849.00</b>	<b>11,292.00</b>	<b>2,507,141.00</b>	<b>2,487,570.98</b>	<b>19,570.02</b>
<b>Undist. Expend. - Central Services</b>					
Salaries	428,338.00	(12,000.00)	416,338.00	407,082.66	9,255.34
Purchased Technical Services	22,050.00	2,934.00	24,984.00	24,984.00	-
Misc. Purchased Services (400-500 series)	900.00	-	900.00	316.95	583.05
Supplies and Materials	12,650.00	(4,000.00)	8,650.00	5,559.98	3,090.02
Miscellaneous Expenditures	6,300.00	3,425.00	9,725.00	8,834.98	890.02
<b>Total Undist. Expend. - Central Services</b>	<b>470,238.00</b>	<b>(9,641.00)</b>	<b>460,597.00</b>	<b>446,778.57</b>	<b>13,818.43</b>
<b>Undist. Expend. - Admin. Info. Tech.</b>					
Salaries	433,809.00	(20,000.00)	413,809.00	412,405.65	1,403.35
Purchased Technical Services	46,310.00	22,100.00	68,410.00	65,293.28	3,116.72
Other Purchased Services (400-500 series)	2,518.00	-	2,518.00	1,506.11	1,011.89
Supplies and Materials	4,207.00	-	4,207.00	751.90	3,455.10
Other Objects	500.00	-	500.00	341.64	158.36
<b>Total Undist. Expend. - Admin. Info. Tech.</b>	<b>487,344.00</b>	<b>2,100.00</b>	<b>489,444.00</b>	<b>480,298.58</b>	<b>9,145.42</b>
<b>Undist. Expend. - Required Maint. For School Facilities</b>					
Salaries	353,950.00	(27,000.00)	326,950.00	316,286.29	10,663.71
Cleaning, Repair and Maintenance Services	307,650.00	(30,332.45)	277,317.55	241,634.03	35,683.52
General Supplies	90,050.00	6,232.75	96,282.75	96,282.50	0.25
<b>Total Undist. Expend. - Required Maint. For School Facilities</b>	<b>751,650.00</b>	<b>(51,099.70)</b>	<b>700,550.30</b>	<b>654,202.82</b>	<b>46,347.48</b>
<b>Undist. Expend. - Custodial Services</b>					
Salaries	2,450,592.00	9,068.00	2,459,660.00	2,454,827.01	4,832.99
Purchased Professional and Technical Services	45,767.00	2,433.46	48,200.46	45,112.20	3,088.26
Cleaning, Repair and Maintenance Services	168,657.44	(3,082.16)	165,575.28	138,433.53	27,141.75
Other Purchased Property Services	130,520.00	3,290.00	133,810.00	116,503.22	17,306.78
Insurance	652,820.00	(82,000.00)	570,820.00	547,960.24	22,859.76
General Supplies	218,464.00	(526.44)	217,937.56	202,629.49	15,308.07
Energy (Energy and Electricity)	729,600.00	(22,000.00)	707,600.00	567,792.12	139,807.88
Other Objects	17,850.00	(4,351.75)	13,498.25	13,093.94	404.31
Energy (Natural Gas)	552,000.00	(195,850.05)	356,149.95	250,725.43	105,424.52
Energy (Oil)	67,000.00	19,500.00	86,500.00	84,958.88	1,541.12
<b>Total Undist. Expend. - Custodial Services</b>	<b>5,033,270.44</b>	<b>(273,518.94)</b>	<b>4,759,751.50</b>	<b>4,422,036.06</b>	<b>337,715.44</b>

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Undist. Expend. - Care &amp; Upkeep of Grounds</b>					
Salaries	190,850.00	-	190,850.00	190,683.52	166.48
<b>Total Care &amp; Upkeep of Grounds</b>	190,850.00	-	190,850.00	190,683.52	166.48
<b>Undist. Expend. - Security</b>					
Salaries	54,255.00	27,000.00	81,255.00	81,255.00	-
Purchased Professional and Technical Services	2,000.00	-	2,000.00	168.52	1,831.48
<b>Total Security</b>	56,255.00	27,000.00	83,255.00	81,423.52	1,831.48
<b>Total Undist. Expend. - Oper. &amp; Maint. Plant Services</b>	6,032,025.44	(297,618.64)	5,734,406.80	5,348,345.92	386,060.88
<b>Undist. Expend. - Student Transportation Serv.</b>					
Sal. For Pupil Trans. (between home and school) - Regular	1,629,304.00	(191,160.00)	1,438,144.00	1,387,084.30	51,059.70
Sal. For Pupil Trans. (between home and school) - Spec. Ed.	784,990.00	(57,973.00)	727,017.00	727,015.43	1.57
Sal. For Pupil Trans. (other than between home and school)	137,508.00	21,000.00	158,508.00	148,144.58	10,363.42
Sal. For Pupil Trans. (bet. home and school) - Nonpublic Sch	37,190.00	-	37,190.00	32,915.60	4,274.40
Management Fee - ESC & CTSA Trans. Program	32,000.00	-	32,000.00	28,712.55	3,287.45
Other Purchased Professional and Technical Services	21,380.00	7,922.00	29,302.00	29,301.86	0.14
Cleaning, Repair, & Maint. Services	33,740.00	-	33,740.00	28,620.50	5,119.50
Lease Purchase Payments - School Buses	350,800.00	42,017.00	392,817.00	392,815.51	1.49
Contracted Services - (Bet. Home and Sch) - Vendors	591,840.00	38,883.00	630,723.00	626,294.65	4,428.35
Contracted Services - (Other than Bet. Home & Sch) - Vendors	22,700.00	(6,904.00)	15,796.00	9,791.86	6,004.14
Contracted Services - (Sp Ed Stds) - Vendors	585,890.00	(15,751.00)	570,139.00	551,879.50	18,259.50
Contract Services - Aid in Lieu of Payments - Nonpub. Students	217,568.00	7,600.80	225,168.80	188,056.22	37,112.58
Miscellaneous Purchased Services - Transportation	4,200.00	-	4,200.00	1,210.47	2,989.53
Transportation Supplies	471,115.47	78,428.00	549,543.47	549,541.72	1.75
Other Objects	3,960.00	(1,348.00)	2,612.00	1,539.85	1,072.15
<b>Total Undist. Expend. - Student Transportation Serv.</b>	4,924,185.47	(77,285.20)	4,846,900.27	4,702,924.60	143,975.67
<b>UNALLOCATED BENEFITS</b>					
Social Security Contributions	876,500.00	34,980.64	911,480.64	909,052.92	2,427.72
Other Retirement Contributions - Regular	1,093,731.00	41,274.00	1,135,005.00	1,072,652.72	62,352.28
Workmen's Compensation	570,641.00	-	570,641.00	570,641.00	-
Health Benefits	11,864,714.00	(326,636.97)	11,538,077.03	9,758,723.23	1,779,353.80
Tuition Reimbursement	124,128.94	(864.00)	123,264.94	116,219.66	7,045.28
Other Employee Benefits	197,625.00	90,427.05	288,052.05	283,057.20	4,994.85
<b>TOTAL UNALLOCATED BENEFITS</b>	14,727,339.94	(160,819.28)	14,566,520.66	12,710,346.73	1,856,173.93
On-behalf TPAF Pension (non-budgeted)	-	-	-	861,770.00	(861,770.00)
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	92,480.00	(92,480.00)
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	1,918,293.00	(1,918,293.00)
TPAF Social Security (Reimbursed - Non-Budgeted)	-	-	-	2,161,506.48	(2,161,506.48)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>	-	-	-	5,034,049.48	(5,034,049.48)
<b>TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS</b>	14,727,339.94	(160,819.28)	14,566,520.66	17,744,396.21	(3,177,875.55)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	41,138,115.82	(245,760.12)	40,892,355.70	43,285,288.82	(2,392,933.12)
<b>TOTAL GENERAL CURRENT EXPENSE</b>	66,777,309.46	(141,147.89)	66,636,161.57	68,671,957.68	(2,035,796.11)
<b>CAPITAL OUTLAY</b>					
<b>Equipment</b>					
Grades 1-5	-	214,615.00	214,615.00	120,265.88	94,349.12
Grades 6-8	-	58,300.00	58,300.00	58,300.00	-
Grades 9-12	-	128,859.00	128,859.00	89,282.96	39,576.04
Undistributed Expenditures - Instruction	138,391.34	3,109.00	141,500.34	124,957.22	16,543.12
Undistributed Expenditures - Required Maint. For School Facilities	-	20,400.00	20,400.00	20,333.82	66.18
Undistributed Expenditures - Stud. Trans. - Non-Inst. Equipment	-	7,584.10	7,584.10	7,584.10	-
Undistributed Expenditures - Care and Upkeep of Grounds	-	9,900.00	9,900.00	9,900.00	-
School Buses - Regular	-	152,000.00	152,000.00	151,082.28	917.72
School Buses - Special	-	75,000.00	75,000.00	64,260.00	10,740.00
<b>Total Equipment</b>	138,391.34	669,767.10	808,158.44	645,966.26	162,192.18
<b>Facilities Acquisition and Construction Services</b>					
Construction Services	29,800.00	63,990.00	93,790.00	93,295.00	495.00
Assessment for Debt Service on SDA Funding	11,889.00	-	11,889.00	11,889.00	-
<b>Total Facilities Acquisition and Construction Services</b>	41,689.00	63,990.00	105,679.00	105,184.00	495.00
<b>Assets Acquired Under Capital Leases (non-budgeted)</b>					
Instruction	-	-	-	446,770.56	(446,770.56)
Support Services - Transportation	-	-	-	404,092.40	(404,092.40)
General Administration	-	-	-	19,289.01	(19,289.01)
School Administration	-	-	-	39,526.96	(39,526.96)
Custodial Equipment	-	-	-	114,201.00	(114,201.00)
<b>Total Assets Acquired Under Capital Leases (non-budgeted)</b>	-	-	-	1,023,879.93	(1,023,879.93)
<b>TOTAL CAPITAL OUTLAY</b>	180,080.34	733,757.10	913,837.44	1,775,030.19	(861,192.75)
<b>TOTAL EXPENDITURES</b>	66,957,389.80	592,609.21	67,549,999.01	70,446,987.87	(2,896,988.86)

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

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	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,147,001.80)</u>	<u>128,090.59</u>	<u>(1,018,911.21)</u>	<u>1,608,063.26</u>	<u>2,626,974.47</u>
<b>Other Financing Sources (Uses):</b>					
Capital Leases (non-budgeted)				1,023,879.93	1,023,879.93
Capital Reserve - Transfer from Capital Projects Fund				33,159.79	33,159.79
Transfer to - Enterprise Fund	-	(128,090.59)	(128,090.59)	(128,090.59)	-
<b>Total Other Financing Sources:</b>	<u>-</u>	<u>(128,090.59)</u>	<u>(128,090.59)</u>	<u>928,949.13</u>	<u>1,057,039.72</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<u>(1,147,001.80)</u>	<u>0.00</u>	<u>(1,147,001.80)</u>	<u>2,537,012.39</u>	<u>3,684,014.19</u>
<b>Fund Balance, July 1</b>	<u>4,226,043.35</u>		<u>4,226,043.35</u>	<u>4,226,043.35</u>	
<b>Fund Balance, June 30</b>	<u>3,079,041.55</u>	<u>0.00</u>	<u>3,079,041.55</u>	<u>6,763,055.74</u>	<u>3,684,014.19</u>
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>					
Adjustment for prior year encumbrances	(398,501.80)		(398,501.80)	(398,501.80)	
Budgeted Fund Balance	(750,000.00)	(1,250,000.00)	(2,000,000.00)	1,653,345.22	3,653,345.22
Increase in maintenance reserve:					
Principal		500,000.00	500,000.00	500,000.00	-
Increase in capital reserve:					
Principal		750,000.00	750,000.00	781,181.78	31,181.78
Interest	1,500.00		1,500.00	987.19	(512.81)
	<u>(1,147,001.80)</u>	<u>-</u>	<u>(1,147,001.80)</u>	<u>2,537,012.39</u>	<u>3,684,014.19</u>
<b>Recapitulation:</b>					
<b>Restricted Fund Balance:</b>					
Capital Reserve				935,699.78	
Maintenance Reserve				500,000.00	
Excess Surplus				1,792,855.31	
Excess Surplus - Designated for Subsequent Year's Expenditures				1,657,804.79	
<b>Committed Fund Balance:</b>					
Year End Encumbrances				379,385.38	
<b>Assigned Fund Balance:</b>					
Designated for Subsequent Year's Expenditures				0.21	
<b>Unassigned Fund Balance</b>				<u>1,497,310.27</u>	
				<u>6,763,055.74</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				<u>(1,403,921.00)</u>	
				<u>5,359,134.74</u>	



**WEST MILFORD BOARD OF EDUCATION**  
**Education Jobs Fund - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
<b>Education Jobs Fund:</b>					
Federal Sources:					
Education Jobs Fund	537,400.00	16,836.00	554,236.00	554,236.00	-
Total Federal Sources	537,400.00	16,836.00	554,236.00	554,236.00	-
<b>Total Revenues</b>	537,400.00	16,836.00	554,236.00	554,236.00	-
<b>EXPENDITURES:</b>					
<b>Education Jobs Fund:</b>					
Regular Programs - Instruction					
Grades 1-5 - Salaries of Teachers	186,029.63	-	186,029.63	186,029.63	-
Other Salaries for Instruction	3,997.50	-	3,997.50	3,997.50	-
Grades 6-8 - Salaries of Teachers	71,640.00	-	71,640.00	71,640.00	-
Grades 9-12 - Salaries of Teachers	130,014.00	16,836.00	146,850.00	146,850.00	-
Behavioral Disabilities:					
Other Salaries for Instruction	14,950.00	-	14,950.00	14,950.00	-
Preschool Disabilities - Part Time					
Salaries of Teachers	16,893.00	-	16,893.00	16,893.00	-
Other Salaries for Instruction	6,133.20	-	6,133.20	6,133.20	-
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	429,657.33	16,836.00	446,493.33	446,493.33	-
Undistributed Expenditures					
Undist. Expend.-Speech, OT, PT & Related Serv.					
Salaries	10,770.00	-	10,770.00	10,770.00	-
Unallocated Benefits					
Social Security Contributions	34,980.64	-	34,980.64	34,980.64	-
Health Benefits	61,992.03	-	61,992.03	61,992.03	-
<b>TOTAL UNALLOCATED BENEFITS</b>	96,972.67	-	96,972.67	96,972.67	-
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	107,742.67	-	107,742.67	107,742.67	-
<b>Total Expenditures</b>	537,400.00	16,836.00	554,236.00	554,236.00	-

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual
<b>REVENUES:</b>					
Local Sources	87,135.00	9,311.58	9,311.58	9,200.51	(111.07)
State Sources		(81,437.00)	5,698.00	5,649.00	(49.00)
Federal Sources	1,426,209.00	357,052.75	1,783,261.75	1,630,168.56	(153,093.19)
<b>Total Revenues</b>	<b>1,513,344.00</b>	<b>284,927.33</b>	<b>1,798,271.33</b>	<b>1,645,018.07</b>	<b>(153,253.26)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Salaries of Teachers	506,491.00	(135,074.58)	371,416.42	343,622.24	27,794.18
Purchased Professional and Technical Services		111,006.53	111,006.53	36,008.53	74,998.00
Other Purchased Services	919,718.00	117,333.00	1,037,051.00	1,025,472.06	11,578.94
General Supplies		19,710.36	19,710.36	19,261.28	449.08
Textbooks	7,415.00	(5,069.00)	2,346.00	2,297.00	49.00
<b>Total Instruction</b>	<b>1,433,624.00</b>	<b>107,906.31</b>	<b>1,541,530.31</b>	<b>1,426,661.11</b>	<b>114,869.20</b>
<b>Support Services</b>					
Salaries of Other Professional Staff		22,259.00	22,259.00	19,284.00	2,975.00
Salaries of Secretarial & Clerical Assistants		10,000.00	10,000.00	10,000.00	-
Employee Benefits		134,881.49	134,881.49	119,800.68	15,080.81
Purchased Professional - Educational Services	79,720.00	(39,903.93)	39,816.07	37,823.47	1,992.60
Travel		3,321.39	3,321.39	2,699.44	621.95
Other Purchased Services		41,210.44	41,210.44	26,567.44	14,643.00
Supplies and Materials		5,252.63	5,252.63	2,181.93	3,070.70
<b>Total Support Services</b>	<b>79,720.00</b>	<b>177,021.02</b>	<b>256,741.02</b>	<b>218,356.96</b>	<b>38,384.06</b>
<b>Total Expenditures</b>	<b>1,513,344.00</b>	<b>284,927.33</b>	<b>1,798,271.33</b>	<b>1,645,018.07</b>	<b>153,253.26</b>
<b>Total Outflows</b>	<b>1,513,344.00</b>	<b>284,927.33</b>	<b>1,798,271.33</b>	<b>1,645,018.07</b>	<b>153,253.26</b>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures and Other Financing Sources (Uses)</b>					

WEST MILFORD BOARD OF EDUCATION  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGET COMPARISON SCHEDULE  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2012

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures**

		General Fund		Special Revenue Fund
<b>Sources/inflows of resources</b>				
Actual amounts (budgetary basis) "revenue" from the budgetary comparison schedule	[C-1]	72,055,051.13	[C-2]	1,645,018.07
<b>Difference - budget to GAAP:</b>				
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.				
Add: Prior Year Encumbrances		N/A		18,573.83
Less: Current Year Encumbrances		N/A		(13,674.97)
The last State aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognized the related expense (GASB 33).				
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(1,403,921.00)		
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		<u>1,282,028.00</u>		
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	<u>71,933,158.13</u>	[B-2]	<u>1,649,916.93</u>
<b>Uses / outflows of resources</b>				
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]	70,446,987.87	[C-2]	1,645,018.07
<b>Differences - budget to GAAP</b>				
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.				
Add: Prior Year Encumbrances		N/A		18,573.83
Less: Current Year Encumbrances		N/A		(13,674.97)
Total revenues as reported on the statement of revenues expenditures, and changes in fund balances - governmental funds	[B-2]	<u>70,446,987.87</u>	[B-2]	<u>1,649,916.93</u>

## **OTHER SUPPLEMENTARY INFORMATION**

**WEST MILFORD BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Title I Part - A Improving Basic Programs Carryover	Title I Part - A Improving Basic Programs Carryover	Title II Teacher/Principal Training & Recruiting	Title II Teacher/Principal Training & Recruiting	Title II Teacher/Principal Training & Recruiting Carryover	Title III Lang. Inst. For Limited English Proficient & Immigrant Students Carryover	Title III Lang. Inst. For Limited English Proficient & Immigrant Students Carryover	Total 2012
<b>REVENUES:</b>								
Federal sources	1,082,362.76	326,703.27	66,619.08	121,096.11	25,537.36	5,050.00	2,799.98	1,630,168.56
State sources	5,649.00							5,649.00
Local sources	9,200.51							9,200.51
<b>Total Revenues</b>	<b>1,097,212.27</b>	<b>326,703.27</b>	<b>66,619.08</b>	<b>121,096.11</b>	<b>25,537.36</b>	<b>5,050.00</b>	<b>2,799.98</b>	<b>1,645,018.07</b>
<b>EXPENDITURES:</b>								
Instruction:								
Salaries of Teachers	45,899.30	197,708.72	28,674.12	63,689.10		5,050.00	2,601.00	343,622.24
Purchased professional and technical services	5,078.20	15,789.00	15,141.33					36,008.53
Other purchased services	1,025,472.06							1,025,472.06
General supplies	11,869.37	2,795.30	4,596.61					19,261.28
Textbooks	2,297.00							2,297.00
<b>Total instruction</b>	<b>1,090,615.93</b>	<b>216,293.02</b>	<b>48,412.06</b>	<b>63,689.10</b>	<b>-</b>	<b>5,050.00</b>	<b>2,601.00</b>	<b>1,426,661.11</b>
<b>Support Services:</b>								
Salaries of Other Professional Staff	-	10,000.00			19,284.00			19,284.00
Salaries of Secretarial & Clerical Assistants	-	80,197.46	2,193.24	32,698.80	1,475.23		198.98	10,000.00
Employee benefits	3,036.97	17,908.00	3,787.07	10,777.40	1,999.00			119,800.68
Purchased professional - Ed. Services	3,352.00	1,951.24	10,605.70	12,052.76	1,957.74			37,823.47
Other purchased services	-			1,878.05	821.39			26,567.44
Travel	207.37	353.55	1,621.01					2,699.44
Supplies and materials								2,181.93
<b>Total support services</b>	<b>6,596.34</b>	<b>110,410.25</b>	<b>18,207.02</b>	<b>57,407.01</b>	<b>25,537.36</b>	<b>-</b>	<b>198.98</b>	<b>218,356.96</b>
<b>Total Expenditures</b>	<b>1,097,212.27</b>	<b>326,703.27</b>	<b>66,619.08</b>	<b>121,096.11</b>	<b>25,537.36</b>	<b>5,050.00</b>	<b>2,799.98</b>	<b>1,645,018.07</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**WEST MILFORD BOARD OF EDUCATION**  
**SPECIAL REVENUE FUND**  
**COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	Total Brought Forward from (Ex. E-1b)	Basic	I.D.E.A. Part B Basic Carryover	Preschool	ARRA Basic Carryover	Title I ARRA Carryover	Non-Public Nursing Aid	Non-Public Textbook Aid	Total Carried Forward to (Ex. E-1)
<b>REVENUES:</b>									
Federal sources	-	915,189.06	71,424.00	38,859.00	16,019.17	40,871.53	3,352.00	2,297.00	1,082,362.76
State sources	-	-	-	-	-	-	-	-	5,649.00
Local sources	9,200.51	-	-	-	-	-	-	-	9,200.51
<b>Total Revenues</b>	9,200.51	915,189.06	71,424.00	38,859.00	16,019.17	40,871.53	3,352.00	2,297.00	1,097,212.27
<b>EXPENDITURES:</b>									
Instruction:									
Personal services - salaries	6,200.00	-	-	-	14,688.16	25,011.14	-	-	45,899.30
Purchased professional and technical services	1,000.00	-	-	-	-	4,078.20	-	-	5,078.20
Other purchased services	-	915,189.06	71,424.00	38,859.00	-	-	-	-	1,025,472.06
General supplies	2,000.51	-	-	-	-	9,868.86	-	-	11,869.37
Textbooks	-	-	-	-	-	-	-	2,297.00	2,297.00
<b>Total instruction</b>	9,200.51	915,189.06	71,424.00	38,859.00	14,688.16	38,958.20	-	2,297.00	1,090,615.93
<b>Support Services:</b>									
Salaries of Other Professional Staff	-	-	-	-	-	-	-	-	-
Salaries of Secretarial & Clerical Assistants	-	-	-	-	-	-	-	-	-
Employee benefits	-	-	-	-	1,123.64	1,913.33	-	-	3,036.97
Purchased prof. & tech. services	-	-	-	-	-	-	3,352.00	-	3,352.00
Other purchased services	-	-	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-	-	-
Supplies and materials	-	-	-	-	207.37	-	-	-	207.37
<b>Total support services</b>	-	-	-	-	1,331.01	1,913.33	3,352.00	-	6,596.34
<b>Total Expenditures</b>	9,200.51	915,189.06	71,424.00	38,859.00	16,019.17	40,871.53	3,352.00	2,297.00	1,097,212.27
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	-	-	-	-	-	-	-	-

WEST MILFORD BOARD OF EDUCATION  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

	Target Literacy	Italian Program Grant	PSE&G Environmental Education	Un-sung Hero Award	Total Carried Forward to (Ex. E-1a)
<b>REVENUES:</b>					
Federal sources	1,200.00	6,000.00	4.51	1,996.00	-
State sources					9,200.51
Local sources	1,200.00	6,000.00	4.51	1,996.00	9,200.51
<b>Total Revenues</b>					
<b>EXPENDITURES:</b>					
Instruction:					
Personal services - salaries	200.00	6,000.00			6,200.00
Purchased professional and technical services	1,000.00				1,000.00
Other purchased services			4.51	1,996.00	-
General supplies					2,000.51
Textbooks					-
<b>Total Instruction</b>	1,200.00	6,000.00	4.51	1,996.00	9,200.51
<b>Support Services:</b>					
Salaries of Other Professional Staff					-
Salaries of Secretarial & Clerical Assistants					-
Employee benefits					-
Purchased prof. & tech. services					-
Other purchased services					-
Travel					-
Supplies and materials					-
<b>Total support services</b>					-
<b>Total Expenditures</b>	1,200.00	6,000.00	4.51	1,996.00	9,200.51
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	-	-	-	-

**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE -BUDGETARY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012**

**REVENUE AND OTHER****FINANCING SOURCES:**

State Source - SDA Grant	6,457.00
Interest Income	<u>1,978.01</u>
Total Revenues	<u>8,435.01</u>

**EXPENDITURES AND OTHER****FINANCING USES:**

Purchased professional and technical services	33,544.00
Construction Services	<u>3,657.00</u>
Total Expenditures	<u>37,201.00</u>
Excess (deficiency) of Revenues Over (under) Expenditures	(28,765.99)

**Other Financing Sources ( Uses)**

## Operating Transfer Out:

Interest transferred to General Fund	(1,978.01)
Cancelled capital projects transferred to Capital Reserve	<u>(31,181.78)</u>
	<u>(33,159.79)</u>
Fund Balance - beginning of year	<u>95,349.70</u>
Fund Balance - ending	<u><u>33,423.92</u></u>



**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
UNDERGROUND STORAGE TANK REMEDIATION  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State Sources - SDA Grant	<u>45,585.00</u>		<u>45,585.00</u>	<u>45,585.00</u>
Total Revenues	<u>45,585.00</u>	<u>-</u>	<u>45,585.00</u>	<u>45,585.00</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES:</b>				
Purchased Professional and Technical Services	<u>5,417.08</u>	<u>30,744.00</u>	<u>36,161.08</u>	<u>45,585.00</u>
Total Expenditures	<u>5,417.08</u>	<u>30,744.00</u>	<u>36,161.08</u>	<u>45,585.00</u>
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>40,167.92</u>	<u>(30,744.00)</u>	<u>9,423.92</u>	<u>-</u>
<b>Additional Project Information:</b>				
Project Numbers		N/A		
Grant Date		N/A		
Loans Authorization Date		12/1/2008		
Loans Authorized		45,585.00		
Loans Issued		45,585.00		
Original Authorized Costs		45,585.00		
Additional Authorized Costs		-		
Revised Authorized Costs		45,585.00		
Percentage Increase over Original Authorized Costs		0.00%		
Percentage of Completion		79.33%		
Original Target Completion Date		June 2012		
Revised Target Completion Date		June 2013		

**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
BOILER REPLACEMENT AT MAPLE ROAD ELEMENTARY SCHOOL  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State Sources - SDA Grant	73,444.28		73,444.28	73,444.28
Transfer from Capital Reserve	150,000.00		150,000.00	150,000.00
Total Revenues	223,444.28	-	223,444.28	223,444.28
<b>EXPENDITURES AND OTHER FINANCING SOURCES:</b>				
Purchased Professional and Technical Services	14,732.50		14,732.50	35,000.00
Construction Services	177,530.00		177,530.00	157,262.50
Cancelled - Capital Projects		31,181.78	31,181.78	31,181.78
Total Expenditures	192,262.50	31,181.78	223,444.28	223,444.28
Excess (Deficiency) or Revenues Over (under) Expenditures	31,181.78	(31,181.78)	-	-
<b>Additional Project Information:</b>				
Project Numbers	5650-060-09-1001			
Grant Date	N/A			
Loans Authorization Date	1/15/2009			
Loans Authorized	73,444.28			
Loans Issued	73,444.28			
Original Authorized Costs	242,460.00			
Additional Authorized Costs	(19,015.72)			
Revised Authorized Costs	223,444.28			
Percentage Increase (Decrease) over Original Authorized Costs	-7.843%			
Percentage of Completion	100.00%			
Original Target Completion Date	June 2012			
Revised Target Completion Date	N/A			

**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
VARIOUS SCHOOLS-NEW DOORS, WINDOWS, UV'S, GENERATOR AND SECURITY SYSTEM  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State Sources - SDA Grant	85,376.50	6,457.00	91,833.50	1,963,436.00
Transfer from Capital Outlay	100,000.00		100,000.00	100,000.00
Transfer from Capital Reserve	439,000.00		439,000.00	2,777,652.00
Total Revenues	<u>624,376.50</u>	<u>6,457.00</u>	<u>630,833.50</u>	<u>4,841,088.00</u>
<b>EXPENDITURES AND OTHER FINANCING SOURCES:</b>				
Purchased Professional and Technical Services	40,534.50	2,800.00	43,334.50	946,408.00
Construction Services	559,842.00	3,657.00	563,499.00	3,894,680.00
Total Expenditures	<u>600,376.50</u>	<u>6,457.00</u>	<u>606,833.50</u>	<u>4,841,088.00</u>
Excess (Deficiency) or Revenues Over (under) Expenditures	<u>24,000.00</u>	<u>-</u>	<u>24,000.00</u>	<u>-</u>
<b>Additional Project Information:</b>				
Project Numbers	Apshawa	5650-042-09-1004		
	Macopin	5650-055-09-1006		
	Maple Road	5650-060-09-1007		
	Marshall Hill	5650-070-09-1010		
	Paradise Knoll	5650-080-09-1011		
	Upper Greenwood Lake	5650-090-09-1014		
	West Milford High School	5650-040-09-1003		
Grant Date		N/A		
Loans Authorization Date				
Loans Authorized				
Loans Issued				
Original Authorized Costs		4,868,008.00		
Additional Authorized Costs				
Revised Authorized Costs		4,868,008.00		
Percentage Increase (Decrease) over Original Authorized Costs		0.000%		
Percentage of Completion		12.47%		
Original Target Completion Date		6/30/2012		
Revised Target Completion Date		6/30/2013		

**WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,  
AND PROJECT STATUS - BUDGETARY BASIS  
HIGH SCHOOL CLASSROOM SCIENCE LAB AND AUDITORIUM UPGRADES  
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
<b>REVENUES AND OTHER FINANCING SOURCES:</b>				
State Sources - SDA Grant	114,737.73		114,737.73	1,070,969.00
Transfer from Capital Outlay	432,508.00		432,508.00	1,606,453.00
Total Revenues	547,245.73	-	547,245.73	2,677,422.00
<b>EXPENDITURES AND OTHER FINANCING SOURCES:</b>				
Purchased Professional and Technical Services	10,165.73		10,165.73	523,422.00
Construction Services	530,051.00		530,051.00	404,000.00
Equipment Purchases	7,029.00		7,029.00	1,750,000.00
Total Expenditures	547,245.73	-	547,245.73	2,677,422.00
Excess (Deficiency) or Revenues Over (under) Expenditures	-	-	-	-
<b>Additional Project Information:</b>				
Project Numbers	5650-040-09-1002			
Grant Date	N/A			
Loans Authorization Date				
Loans Authorized				
Loans Issued				
Original Authorized Costs	2,677,422.00			
Additional Authorized Costs				
Revised Authorized Costs	2,677,422.00			
Percentage Increase (Decrease) over Original Authorized Costs	0.000%			
Percentage of Completion	20.44%			
Original Target Completion Date	6/30/2012			
Revised Target Completion Date	N/A			

WEST MILFORD BOARD OF EDUCATION  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2012

PROJECT DESCRIPTION	APPROPRIATION	EXPENDITURES		CANCELLED - CAPITAL PROJECTS	UNEXPENDED BALANCE
		PRIOR YEARS	CURRENT YEAR		
Underground Storage Tank Remediation	45,585.00	5,417.08	30,744.00		9,423.92
Bolier Replacement at Maple Road Elementary School	223,444.28	192,262.50		31,181.78	-
Various Schools-New Doors, Windows, UV's, Generators and Security System	630,833.50	600,376.50	6,457.00		24,000.00
High School Classroom Science Lab and Auditorium Upgrades	547,245.73	547,245.73			-
	1,447,108.51	1,345,301.81	37,201.00	31,181.78	33,423.92

**WEST MILFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF NET ASSETS  
ENTERPRISE FUNDS  
JUNE 30, 2012**

<b>ASSETS</b>	<b>Food Service Program</b>	<b>Adult School Community</b>	<b>Totals</b>
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents	60,674.49	12,110.04	72,784.53
Accounts receivable:			
State lunch	564.57		564.57
Federal lunch	11,719.98		11,719.98
Federal breakfast	508.47		508.47
Other	15,475.00		15,475.00
Inventories	10,161.26		10,161.26
 Total current assets	 <u>99,103.77</u>	 <u>12,110.04</u>	 <u>111,213.81</u>
 Noncurrent Assets:			
Capital Assets:			
Equipment	495,908.82	284,704.78	780,613.60
Less Accumulated Depreciation	(349,732.46)	(132,445.20)	(482,177.66)
Total Capital Assets (Net of Accumulated Depreciation)	<u>146,176.36</u>	<u>152,259.58</u>	<u>298,435.94</u>
Total Assets	<u><u>245,280.13</u></u>	<u><u>164,369.62</u></u>	<u><u>409,649.75</u></u>
 <b>LIABILITIES</b>			
<b>CURRENT LIABILITIES:</b>			
Accounts Payable	1,807.59		1,807.59
Deferred Revenue		525.00	525.00
Interfund Payable:			
General Fund	97,296.18	92,608.52	189,904.70
Total Current Liabilities	<u>99,103.77</u>	<u>93,133.52</u>	<u>192,237.29</u>
 <b>NET ASSETS</b>			
Invested in Capital Assets Net of			
Related Debt	146,176.36	152,259.58	298,435.94
Contributed Capital		38,950.00	38,950.00
Unrestricted		(119,973.48)	(119,973.48)
Total Net Assets	<u><u>146,176.36</u></u>	<u><u>71,236.10</u></u>	<u><u>217,412.46</u></u>

**WEST MILFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN FUND NET ASSETS  
ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Food Service Program	Adult School Community	Totals
<b>OPERATING REVENUES:</b>			
Local sources:			
Daily sales - reimbursable programs:			
School lunch and breakfast program	531,153.66		531,153.66
Daily sales - non-reimbursable programs	366,085.04		366,085.04
Special functions	21,290.91		21,290.91
Miscellaneous	587.06		587.06
Program Fees		441,759.04	441,759.04
Total operating revenues	<u>919,116.67</u>	<u>441,759.04</u>	<u>1,360,875.71</u>
<b>OPERATING EXPENSES:</b>			
Salaries	501,327.49	352,497.30	853,824.79
Cost of food	474,634.49		474,634.49
Employee benefits	214,020.94	70,604.96	284,625.90
Purchased professional services		62,732.29	62,732.29
Supplies and materials	32,166.60	16,767.38	48,933.98
Repairs	15,375.30		15,375.30
Depreciation	19,848.34	9,717.47	29,565.81
Management fees	65,106.02		65,106.02
Miscellaneous	7,999.12	6,017.10	14,016.22
Total operating expenses	<u>1,330,478.30</u>	<u>518,336.50</u>	<u>1,848,814.80</u>
Operating Income (Loss)	<u>(411,361.63)</u>	<u>(76,577.46)</u>	<u>(487,939.09)</u>
<b>NON-OPERATING REVENUES (EXPENSES):</b>			
State sources:			
State school lunch program	9,536.89		9,536.89
Federal sources:			
School breakfast program	6,320.62		6,320.62
National school lunch program	200,651.31		200,651.31
Food distribution program	44,885.52		44,885.52
Gain on sale of fixed assets (proceeds)	3,800.00		3,800.00
Food management company subsidy	15,475.00		15,475.00
Interest and investment revenue	880.46	745.69	1,626.15
Total non-operating revenues (expenses)	<u>281,549.80</u>	<u>745.69</u>	<u>282,295.49</u>
Income (Loss) Before Contribution & Transfers	<u>(129,811.83)</u>	<u>(75,831.77)</u>	<u>(205,643.60)</u>
Operating transfer in (out)	128,090.59		128,090.59
Change in Net Assets	<u>(1,721.24)</u>	<u>(75,831.77)</u>	<u>(77,553.01)</u>
Total Net Asset - Beginning	<u>147,897.60</u>	<u>147,067.87</u>	<u>294,965.47</u>
Total Net Assets - Ending	<u>146,176.36</u>	<u>71,236.10</u>	<u>217,412.46</u>

**WEST MILFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	Food Service Program	Adult School Community	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers	920,425.82	441,759.04	1,362,184.86
Receipts / (payments) for interfunds	13,716.43	65,024.33	78,740.76
Payments to employees for services	(501,327.49)	(352,497.30)	(853,824.79)
Payments to suppliers	(768,628.03)	(158,886.73)	(927,514.76)
Net cash provided by (used for) Operating Activities	(335,813.27)	(4,600.66)	(340,413.93)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>			
State Sources	10,198.02		10,198.02
Federal Sources	213,308.54		213,308.54
Operating subsidies	128,090.59		128,090.59
Net cash provided by (used for) non-capital financing activities	351,597.15	-	351,597.15
<b>CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Purchase of Capital Assets	(18,127.10)		(18,127.10)
Gain on sale of fixed assets (proceeds)	3,800.00		3,800.00
Net Cash Provided by ( used for ) Capital and Related Financing Activities	(14,327.10)	-	(14,327.10)
<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>			
Interest on cash equivalents	880.46	745.69	1,626.15
Net Cash Provided by (used for) Investing Activities	880.46	745.69	1,626.15
Net Increase (Decrease) in Cash and Cash Equivalents	2,337.24	(3,854.97)	(1,517.73)
Balances-Beginning of Year	58,337.25	15,965.01	74,302.26
Balances-End of Year	60,674.49	12,110.04	72,784.53
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	(411,361.63)	(76,577.46)	(487,939.09)
Adjustments to reconcile operating income (loss) to cash provided (used for) operating activities:			
Depreciation	19,848.34	9,717.47	29,565.81
Food distribution program donated commodities	44,885.52		44,885.52
(Increase)/decrease in interfund receivable		(887.04)	(887.04)
(Increase)/decrease in accounts receivable	1,309.15		1,309.15
(Increase)/decrease in inventory	(6,018.67)		(6,018.67)
Increase/(decrease) in accounts payable	1,807.59		1,807.59
Increase/(decrease) in interfund payable	13,716.43	65,911.37	79,627.80
Increase/(decrease) in deferred revenue		(2,765.00)	(2,765.00)
Total adjustments	75,548.36	71,976.80	147,525.16
Net cash provided by (used for) operating activities	(335,813.27)	(4,600.66)	(340,413.93)



**WEST MILFORD BOARD OF EDUCATION  
COMBINING STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2012**

	Unemployment Compensation Trust Fund	John Walsh Scholarship	Vogel Scholarship	Agency Fund
<b>ASSETS:</b>				
Cash and cash equivalents	968,176.49	393,134.21	8,046.88	361,897.66
<b>TOTAL ASSETS</b>	<u>968,176.49</u>	<u>393,134.21</u>	<u>8,046.88</u>	<u>361,897.66</u>
<b>LIABILITIES:</b>				
Payable to Student Groups				350,269.71
Payroll Deductions and Withholdings				3,128.37
Interfund Accounts Payable (General Fund)				8,499.58
<b>Total liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>361,897.66</u>
<b>NET ASSETS:</b>				
Held in Trust for unemployment Claims and Other Purposes	<u>968,176.49</u>	<u>393,134.21</u>	<u>8,046.88</u>	
Reserved for Other Purposes				

**WEST MILFORD BOARD OF EDUCATION**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Unemployment Compensation Trust Fund</u>	<u>John Walsh Scholarship</u>	<u>Edward Vogel Scholarship</u>
OPERATING REVENUES:			
Local sources:			
Interest on Investments	5,861.84	2,367.49	0.83
Contributions	<u>57,966.89</u>		
Total operating revenues	<u>63,828.73</u>	<u>2,367.49</u>	<u>0.83</u>
OPERATING EXPENSES:			
Scholarships		10,000.00	500.00
Unemployment Claims	<u>79,095.27</u>		
Total operating expenses	<u>79,095.27</u>	<u>10,000.00</u>	<u>500.00</u>
OPERATING INCOME (LOSS)	(15,266.54)	(7,632.51)	(499.17)
Net Assets, July 1	<u>983,443.03</u>	<u>400,766.72</u>	<u>8,546.05</u>
Net Assets, June 30	<u><u>968,176.49</u></u>	<u><u>393,134.21</u></u>	<u><u>8,046.88</u></u>

**WEST MILFORD BOARD OF EDUCATION  
STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>Balance July 1, 2011</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2012</u>
<b>ELEMENTARY SCHOOLS:</b>				
Aphawa	4,447.88	10,873.87	10,747.55	4,574.20
Maple Road	4,008.81	8,252.08	9,051.88	3,209.01
Marshall Hill	10,375.31	12,516.50	11,892.38	10,999.43
Paradise Knoll	1,805.99	10,082.30	11,043.43	844.86
Upper Greenwood Lake	2,155.35	11,727.68	11,820.32	2,062.71
Westbrook	2,984.62	12,123.77	13,528.88	1,579.51
<b>MIDDLE SCHOOL:</b>				
Macopin Middle School	98,351.45	358,560.70	349,126.05	107,786.10
<b>SENIOR HIGH SCHOOL:</b>				
West Milford Athletics	79,678.60	107,939.49	111,837.16	75,780.93
West Milford High School	149,783.34	396,219.07	402,875.77	143,126.64
<b>OTHER STUDENT ACTIVITY ACCOUNTS:</b>				
Macopin Special Students	0.21	-	0.21	0.00
SACC and Preschool	202.55	1,500.00	1,403.68	298.87
Learning Unlimited	55.45	3,154.00	3,202.00	7.45
	<u>353,849.56</u>	<u>932,949.46</u>	<u>936,529.31</u>	<u>350,269.71</u>

**WEST MILFORD BOARD OF EDUCATION  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012**

	Balance July 1, 2011	Cash Receipts	Cash Disbursed	Balance June 30, 2012
Net Payroll		26,911,318.88	26,911,318.88	-
Payroll Deductions and Withholdings	2,911.29	45,147,485.63	45,147,268.55	3,128.37
Interfund Accounts Payable - General Fund	5,016.12	8,499.58	5,016.12	8,499.58
Unemployment Fund	16,272.88	57,966.89	74,239.77	-
	<u>24,200.29</u>	<u>72,125,270.98</u>	<u>72,137,843.32</u>	<u>11,627.95</u>

WEST MILFORD BOARD OF EDUCATION  
GENERAL LONG TERM DEBT ACCOUNT GROUP  
STATEMENT OF SERIAL BONDS  
JUNE 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities Date	Amount	Interest Rate	Balance July 1, 2011	Retired	Balance June 30, 2012
School Bonds of 2003	07/15/03	4,463,000	09/15/12	420,000.00	3.30%			
			09/15/13	445,000.00	3.30%			
			09/15/14	480,000.00	3.30%			
			09/15/15	500,000.00	3.30%			
			09/15/16	500,000.00	3.30%			
			09/15/17	388,000.00	3.30%	3,133,000.00	400,000.00	2,733,000.00
						<u>3,133,000.00</u>	<u>400,000.00</u>	<u>2,733,000.00</u>

WEST MILFORD BOARD OF EDUCATION  
GENERAL LONG TERM DEBT ACCOUNT GROUP  
SCHEDULE OF PUBLIC SCHOOL FACILITIES LOAN ASSISTANCE PROGRAM  
JUNE 30, 2012

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance July 1, 2011	Retired	Balance June 30, 2012
			Date	Amount				
Safe School Program	7/15/1993	70,342.00	7/15/12-2013	3,702.22	1.50%	11,106.66	3,702.22	7,404.44
Small Projects Program	7/15/1993	211,027.00	07/15/12	14,966.26		44,930.59	14,330.41	30,600.18
			07/15/13	15,633.92				
NJ Economic Authority Underground Storage Tank Loan # LO4215	12/1/2008	45,585.00	12/01/12-12/01/18	4,558.50		36,468.00	4,558.50	31,909.50
						92,505.25	22,591.13	69,914.12

**WEST MILFORD BOARD OF EDUCATION**  
**SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

SERIES	Interest Rate Payables	Amount of Original Issue	Amount Outstanding on July 1, 2011	Issued in Current Year	Retired in Current Year	Amount Outstanding on June 30, 2012
3 -2008 Type B 16 Passanger Buses	3.960%	163,298.00	33,901.77		33,901.77	-
2-2001 Type D 54 Passanger Buses	3.960%	77,000.00	15,985.72		15,985.72	-
Kubota Multi-Purpose Tractor	3.960%	23,585.00	4,896.41		4,896.41	-
Consulting/Transaction Fees	3.960%	2,449.00	508.43		508.43	-
1-2008 Dodge Caravan	3.960%	23,100.00	4,795.71		4,795.71	-
Cafeteria Tables	3.960%	20,489.20	4,253.69		4,253.69	-
Ford F-450 Mason Dump	3.960%	43,998.00	9,134.28		9,134.28	-
Pick-Up Truck	3.960%	23,631.00	4,905.95		4,905.95	-
Scoreboard - High School	3.960%	12,000.00	2,491.28		2,491.28	-
Coilpro Cleaner w/Kit	3.960%	3,058.50	634.96		634.96	-
Z Machine Line Striper	3.960%	3,895.00	808.62		808.62	-
4 - 54 Passenger 2009 Buses	3.220%	335,932.00	136,887.17		67,359.10	69,528.07
2008 Chrysler Minivan	3.220%	22,328.00	9,098.32		4,477.08	4,621.24
Nortel Phone System	3.220%	128,110.00	52,365.87		25,768.07	26,597.80
Digital Duplicator	3.220%	5,354.00	2,181.68		1,073.56	1,108.12
2008 Ford Econoline Van	3.220%	8,236.00	3,356.04		1,651.43	1,704.61
2009 ford F-550 Platform	3.220%	49,640.00	20,227.54		9,953.52	10,274.02
3-2009 54 Passenger Buses	3.710%	266,125.00	136,049.59		66,780.39	69,269.20
2009 Dodge Caravan	3.710%	22,406.00	11,447.20		5,626.22	5,820.98
2-2010 16 Passenger Buses	3.710%	68,250.00	34,888.66		17,126.60	17,762.06
Cafeteria Tables - Paradise Knoll	3.710%	17,611.16	8,994.13		4,415.16	4,578.97
Softball - Scoreboard	3.710%	5,607.84	2,875.01		1,411.32	1,463.69
Cafeteria Mailing Machine	3.310%	22,590.00	17,838.47		4,246.41	13,592.06
4 - 2011 54 Passenger Buses	3.310%	330,172.00	260,757.66		62,035.26	198,722.40
2 - 2010 Dodge Caravans	3.310%	47,238.00	37,306.05		8,876.14	28,429.91
Upgrade District Telecommunications	5.600%	220,914.50		220,914.50	77,485.05	143,429.45
Computer Workstations and Monitors	4.900%	85,584.61		85,584.61	29,988.12	55,596.49
5 - 2013 54 Passenger Busses	3.900%	404,092.40		404,092.40	100,000.00	304,092.40
2012 International Dump Truck	5.500%	114,201.00		114,201.00	24,872.04	89,328.96
29 Digital Copiers		199,087.42		199,087.42	30,319.09	168,768.33
TOTAL			816,590.21	1,023,879.93	625,781.38	1,214,688.76

**WEST MILFORD BOARD OF EDUCATION  
BUDGETARY COMPARISON SCHEDULE  
DEBT SERVICE FUND  
FOR THE YEAR ENDED JUNE 30, 2012**

	Original Budget	Final Budget	Actual	Variance Positive (Negative) Final to Actual
<b>REVENUES:</b>				
Local sources:				
Local tax levy	516,668.00	516,668.00	516,668.00	-
Total revenues - local sources	516,668.00	516,668.00	516,668.00	-
State sources:				
Debt service aid type II	4,848.00	4,848.00	4,848.00	-
Total state sources	4,848.00	4,848.00	4,848.00	-
<b>Total Revenues</b>	521,516.00	521,516.00	521,516.00	-
<b>EXPENDITURES</b>				
Regular debt service:				
Interest	98,924.89	98,924.89	98,924.87	0.02
Redemption of principal	422,591.63	422,591.63	422,591.13	0.50
Total regular debt service	521,516.52	521,516.52	521,516.00	0.52
<b>Total Expenditures</b>	521,516.52	521,516.52	521,516.00	0.52
Excess (Deficiency) of Revenues Over (Under) Expenditures	(0.52)	(0.52)	-	0.52
Fund Balances, July 1	133,476.99	133,476.99	133,476.99	
Fund Balances, June 30	133,476.47	133,476.47	133,476.99	0.52
<b>Recapitulation of excess (deficiency) of revenues under expenditures:</b>				
Budgeted Fund Balance	(0.52)	\$ (0.52)		\$ 0.52



## STATISTICAL SECTION

## OUTLINE OF NJ DOE STATISTICAL TABLES SECTION (GASB 44)

Exhibit #

### **Financial Trends Information/Schedules**

J-1	Net Assets by Component
J-2	Changes in Net Assets
J-3	Fund Balances-Governmental Funds
J-4	Changes in Fund Balances. Governmental Funds
J-5	General Fund Other Local Revenue by Source

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J-7	Direct and Overlapping Property Tax Rates
J-8	Principal Property Taxpayers (Current year and nine years ago)
J-9	Property Tax Levies and Collections

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J-10	Ratios or Outstanding Debt by Type
J-11	Ratios of General Bonded Debt Outstanding
J-12	Direct and Overlapping Governmental Activities Debt
J-13	Legal Debt Margin Information

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J-14	Demographic and Economic Statistics
J-15	Principal Employers, Current and Nine Years Ago

### **Operating Information**

J-16	Full-time Equivalent District Employees by Function/Program
J-17	Operating Statistics
J-18	School Building Information
J-19	Schedule of Allowable Maintenance Expenditures by School
J-20	Insurance Schedule

## WEST MILFORD BOARD OF EDUCATION

Net Assets by Component,  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	9,749,457	10,709,403	10,952,633	11,024,850	10,949,290	9,176,136	8,795,665	8,902,363	10,125,208	10,738,789
Restricted	1,641,253	3,014,788	1,338,134	811,257	658,452	1,490,121	2,038,403	1,997,474	3,188,664	5,053,261
Unrestricted	(2,730,336)	(4,674,184)	(2,275,984)	(1,981,459)	(2,633,966)	(2,878,590)	(4,046,037)	(3,499,861)	(3,647,211)	(3,180,197)
Total governmental activities net assets	8,660,374	9,050,007	10,014,783	9,854,648	8,973,776	7,787,666	6,788,031	7,389,976	9,666,662	12,611,832
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	537,754	509,592	481,061	452,530	423,999	395,468	366,937	338,406	309,875	298,436
Restricted	(40,731)	(29,977)	38,950	38,950	38,950	38,950	38,950	38,950	38,950	38,950
Unrestricted	497,023	479,615	(7,485)	125,485	155,797	118,047	48,859	5,665	(53,859)	(119,973)
Total business-type activities net assets			512,527	616,965	618,746	552,465	452,745	383,021	294,965	217,412
<b>District-wide</b>										
Invested in capital assets, net of related debt	10,287,211	11,218,995	11,433,694	11,477,380	11,373,289	9,571,604	9,162,602	9,240,769	10,435,083	11,037,205
Restricted	1,641,253	3,014,788	1,377,084	850,207	697,402	1,529,071	2,077,353	2,036,424	3,227,614	5,092,211
Unrestricted	(2,771,067)	(4,704,161)	(2,283,469)	(1,855,974)	(2,478,169)	(2,760,543)	(3,999,178)	(3,494,196)	(3,701,070)	(3,300,171)
Total district net assets	9,157,397	9,529,622	10,527,309	10,471,612	9,592,522	8,340,131	7,240,776	7,782,997	9,961,627	12,829,245

Source: CAFR Schedule A-1

**WEST MILFORD BOARD OF EDUCATION**  
**Changes in Net Assets, Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	23,790,749	24,851,232	27,716,478	28,642,293	30,071,478	30,163,185	29,516,709	28,309,740	27,864,663	28,465,802
Special education	4,666,034	5,258,441	6,283,998	7,007,112	8,282,618	8,948,132	8,944,668	8,866,736	8,666,728	9,217,726
Other special education	742,238	731,669	695,742	742,552	705,029	728,267	726,528	702,040	380,544	207,229
Other instruction	704,462	679,394	783,184	706,558	748,479	748,874	779,251	1,208,269	1,218,450	1,249,692
Support Services:										
Tuition	1,786,861	1,906,106	2,147,358	2,411,418	2,902,993	3,127,907	3,588,139	4,058,939	3,449,330	4,516,967
Student & instruction related services	6,763,863	6,556,413	6,844,408	7,312,836	7,784,347	8,321,687	8,256,422	8,622,575	8,506,512	8,275,763
General administrative services	1,153,354	1,104,677	1,233,171	1,252,948	1,227,474	1,279,089	1,286,369	1,333,057	1,394,335	1,460,440
School administrative services	2,542,482	2,691,888	3,135,246	3,250,453	3,314,535	3,559,923	3,557,762	3,715,249	3,718,570	3,680,436
Central Services and Admin. Info. Tech.	632,492	856,777	1,057,763	1,087,743	1,155,707	1,185,059	1,189,371	1,224,589	1,279,707	1,315,933
Plant operations and maintenance	4,766,530	4,953,368	5,701,180	6,049,062	6,486,398	7,028,292	6,926,124	6,987,080	6,734,278	6,749,522
Pupil transportation	4,111,370	3,787,005	4,179,839	4,868,472	5,207,082	5,353,062	5,349,136	5,272,089	5,238,761	5,533,660
Charter Schools				13,706	14,706	14,632				
Interest on Long term debt	87,954	206,560	185,391	179,102	160,608	149,214	132,764	123,634	105,318	94,337
Capital Outlay - Non-depreciable					45,662	1,352,044	(3,895)	56,662	622,847	11,889
Unallocated Benefits	3,208,622	4,074,364		48,112	68,107,117	71,957,367	70,248,537	70,480,639	69,199,652	71,080,269
Total governmental activities expenses	54,958,011	57,657,093	59,953,748	63,572,368	68,107,117	71,957,367	70,248,537	70,480,639	69,199,652	71,080,269
Business-type activities:										
Food service	1,253,350	1,317,291	1,289,141	1,357,425	1,356,971	1,393,714	1,387,663	1,272,593	1,262,573	1,330,478
Adult Community School	505,772	540,139	564,554	576,791	555,407	570,212	569,673	552,112	541,640	518,337
Total business-type activities expense	1,759,122	1,857,431	1,853,695	1,934,216	1,922,377	1,963,926	1,957,336	1,824,704	1,804,213	1,848,815
Total district expenses	56,717,133	59,514,524	61,807,443	65,506,584	70,029,494	73,921,293	72,205,893	72,305,343	71,003,864	72,929,083
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction (tuition)	288,113	166,037	220,295	359,505	281,506	200,630	240,881	408,801	309,027	365,869
Support Services (Student & Inst. Related services)			3,519							
Support Services (General Admin. Services)			93,474	24,525	59,345	60,912	82,327			
Plant operations and maintenance	100,594	48,408	45,432	13,487	74,253	68,191	76,942			
Pupil transportation			35,058							

WEST MILFORD BOARD OF EDUCATION

Changes in Net Assets, Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Operating grants and contributions	1,689,958	1,581,958	1,779,078	1,621,517	1,537,227	1,791,396	1,568,489	1,816,634	2,317,854	1,648,917
Capital grants and contributions				9,703	12,520	84,081	86,500		126,156	40,504
Total governmental activities program revenues	2,078,665	1,796,403	2,176,854	2,028,737	1,944,852	2,205,211	2,055,150	2,225,435	2,753,037	2,076,290
Business-type activities:										
Charges for services:										
Food service	1,003,103	1,017,415	1,058,849	1,107,862	1,051,728	1,066,716	1,044,001	991,768	888,069	919,117
Adult Community School	509,005	552,910	553,882	621,812	833,100	566,618	550,139	486,903	481,414	441,759
Operating grants and contributions	186,691	222,527	221,733	249,078	217,437	244,383	235,765	255,781	246,204	280,669
Total business-type activities program revenues	1,698,800	1,792,853	1,834,463	1,978,752	1,902,265	1,877,718	1,839,905	1,704,452	1,615,688	1,641,545
Total district program revenues	3,777,465	3,589,256	4,011,318	4,007,489	3,847,116	4,082,929	3,895,055	3,929,888	4,368,725	3,717,835
Net (Expense)/Revenue										
Governmental activities	(52,879,346)	(55,860,690)	(57,776,893)	(61,543,630)	(66,162,265)	(69,752,156)	(68,193,387)	(68,255,203)	(66,446,615)	(69,003,979)
Business-type activities	(60,322)	(64,578)	(19,232)	44,536	(20,113)	(85,208)	(117,451)	(120,252)	(188,525)	(207,270)
Total district-wide net expense	(52,939,668)	(55,925,268)	(57,796,125)	(61,499,094)	(66,182,378)	(69,838,364)	(68,310,838)	(68,375,456)	(66,635,140)	(69,211,248)
General Revenues and Other Changes in Net Assets										
Governmental activities:										
Property taxes levied for general purposes, net	34,736,328	36,950,557	38,906,326	40,697,586	42,868,997	44,904,812	45,830,811	47,613,275	49,379,479	50,367,069
Taxes levied for debt service	516,081	516,080	516,080	516,080	476,080	461,728	400,118	539,427	529,103	516,668
Unrestricted grants and contributions	16,362,781	18,390,109	18,980,937	19,740,356	21,889,428	22,422,612	20,442,256	20,260,882	18,357,737	20,819,342
Restricted State Aid	1,776,812	93,335	89,932	84,119	83,076	59,332	9,844	215,305	307,848	11,305
Miscellaneous income	432,728	334,374	121,029	334,267	255,030	718,526	523,110	283,261	234,283	362,856
Transfers		(34,131)	(36,600)	(37,880)		(964)	(11,988)	(45,000)	(95,148)	(128,091)
Total governmental activities	53,844,730	56,250,323	58,577,704	61,334,528	65,572,811	68,566,047	67,193,752	68,867,149	68,713,300	71,949,149
Business-type activities:										
Investment earnings	15,652	13,039	15,544	22,022	21,894	19,927	5,744	5,528	5,322	1,626
Transfers		34,131	36,600	37,880			11,988	45,000	95,148	128,091
Total business-type activities	15,652	47,170	52,144	59,902	21,894	19,927	17,732	50,528	100,470	129,717
Total district-wide	53,860,382	56,297,493	58,629,848	61,394,430	65,594,605	68,585,973	67,211,483	68,917,677	68,813,769	72,078,866
Change in Net Assets										
Governmental activities	965,385	399,633	800,810	(209,102)	(589,654)	(1,186,109)	(999,636)	611,946	2,266,685	2,945,171
Business-type activities	(44,671)	(17,408)	32,912	104,438	1,782	(66,281)	(99,719)	(69,724)	(88,055)	(77,553)
Total district	920,714	372,225	833,722	(104,664)	(587,873)	(1,252,391)	(1,099,355)	542,221	2,178,630	2,867,618

Source: CAFR Schedule A-2

## WEST MILFORD BOARD OF EDUCATION

Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Reserved	158,514	231,903	841,693	313,505	499,425	1,356,615	1,864,727	1,792,611		
Unreserved	861,850	1,143,833	1,063,052	1,582,841	1,312,176	974,455	(73,481)	415,586		
Restricted									1,811,336	4,886,360
Committed									398,511	379,385
Assigned									750,000	0
Unassigned									(15,822)	93,389
Total general fund	1,020,364	1,375,736	1,904,745	1,896,345	1,811,601	2,331,070	1,791,246	2,208,197	2,944,024	5,359,135
All Other Governmental Funds										
Reserved										
Unreserved, reported in:										
Special revenue fund	(722)									
Capital projects fund	1,612,065	2,676,164	349,558	320,740	25,522		40,168	71,350	95,350	33,424
Debt service fund	2	106,720	148,883	177,012	133,504	133,506	133,507	133,514	133,477	133,477
Total all other governmental funds	1,611,345	2,782,884	496,441	497,752	159,026	133,506	173,675	204,864	228,827	166,901

Source: CAFR Schedule B-1

WEST MILFORD BOARD OF EDUCATION

Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2003	2004	2005	2006	2007
<b>Revenues</b>					
Tax levy	\$ 35,252,409	\$ 37,466,637	\$ 39,422,406	\$ 41,213,666	\$ 43,345,077
Tuition charges	385,111	276,398	219,387	359,505	261,506
Miscellaneous	370,877	272,421	302,999	303,714	388,628
State sources	18,617,870	18,604,335	19,242,021	20,020,348	22,083,947
Federal sources	1,297,128	1,461,067	1,604,345	1,494,210	1,425,784
Total revenue	55,923,395	58,080,857	60,791,158	63,391,443	67,504,942
<b>Expenditures</b>					
Instruction					
Regular Instruction	19,709,604	20,344,893	20,889,243	20,863,410	20,750,689
Special education instruction	3,722,214	4,118,175	4,415,734	4,720,214	5,280,922
Other special instruction	742,238	731,669	695,742	742,552	705,029
Other instruction	704,462	679,394	783,184	706,558	748,479
Support Services:					
Tuition	1,786,861	1,906,106	2,147,358	2,411,418	2,902,993
Student & instruction related services	6,016,946	5,750,275	5,723,010	5,923,469	6,096,544
General administrative services	1,023,451	970,911	1,023,167	1,020,924	960,304
School Administrative services	2,127,457	2,223,450	2,363,423	2,376,914	2,302,125
Central Services			803,196	794,960	817,532
Business administrative services	534,032	716,546			
Plant operations and maintenance	4,230,509	4,477,597	4,874,943	5,076,643	5,297,699
Pupil transportation	3,555,029	3,595,972	3,726,833	4,070,019	4,136,330
Unallocated employee benefits	9,620,003	11,473,331	12,137,090	13,670,144	16,637,182
Charter Schools				13,706	14,706
Capital outlay	1,020,956	3,606,206	2,449,980	883,316	1,013,995
Debt Service:					
Principal	579,675	335,074	368,928	385,908	436,375
Interest and Other Charges	91,110	167,623	196,921	184,162	166,289
Total expenditures	55,464,548	61,097,221	62,598,753	63,844,317	68,267,194
Excess (Deficiency) of revenues over (under) expenditures	458,848	(3,016,364)	(1,807,594)	(452,874)	(762,252)
<b>Other Financing sources (uses)</b>					
Capital leases (non-budgeted)	587,567	114,407	86,760	483,666	630,000
Bond proceeds		4,463,000			
Transfers in	221,113			240,000	
Transfers out	(221,113)	(34,131)	(36,600)	(277,880)	
Total other financing sources (uses)	587,567	4,543,276	50,160	445,786	630,000
Net change in fund balances	\$ 1,046,415	\$ 1,526,912	\$ (1,757,434)	\$ (7,088)	\$ (132,252)
Debt service as a percentage of noncapital expenditures	1.232%	0.874%	0.941%	0.905%	0.896%

Source: District Records

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Services and Administrative information Technology account classifications were added beginning with year end June 30, 2005.

Prior to June 30, 2005, Central Services and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

WEST MILFORD BOARD OF EDUCATION

Changes in Fund Balances, Governmental Funds,  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ending June 30,				
	2008	2009	2010	2011	2012
<b>Revenues</b>					
Tax levy	\$ 45,366,540	\$ 46,230,729	\$ 48,152,702	\$ 49,908,582	\$ 50,883,737
Tuition charges	200,630	240,881	408,801	255,472	385,869
Miscellaneous	867,629	693,166	291,106	299,489	372,057
State sources	22,587,474	20,573,182	18,437,155	18,543,693	20,306,624
Federal sources	1,665,867	1,482,017	3,847,820	2,428,092	2,164,739
<b>Total revenue</b>	<b>70,688,140</b>	<b>69,219,974</b>	<b>71,137,585</b>	<b>71,435,328</b>	<b>74,113,026</b>
<b>Expenditures</b>					
<b>Instruction</b>					
Regular Instruction	20,615,167	20,795,687	20,347,000	19,699,743	19,555,480
Special education instruction	5,636,187	5,828,684	5,723,652	5,497,356	5,800,049
Other special instruction	728,267	726,528	702,040	380,544	207,229
Other instruction	746,874	779,251	1,208,269	1,218,450	1,249,692
<b>Support Services:</b>					
Tuition	3,127,907	3,588,139	4,058,939	3,449,330	4,516,967
Student & instruction related services	6,479,688	6,584,963	6,902,795	6,836,582	6,569,916
General administrative services	997,914	1,062,968	1,108,044	1,168,446	1,212,227
School Administrative services	2,448,583	2,518,888	2,627,667	2,613,394	2,487,571
Central Services	807,170	853,317	876,929	920,894	927,077
Business administrative services					
Plant operations and maintenance	5,715,129	5,706,855	5,699,575	5,456,611	5,348,346
Pupil transportation	4,415,864	4,522,632	4,533,433	4,474,641	4,702,925
Unallocated employee benefits	17,620,127	16,135,861	15,901,286	16,782,270	17,744,396
Charter Schools	14,632				
Capital outlay	715,163	1,124,107	405,802	1,947,214	1,812,231
<b>Debt Service:</b>					
Principal	371,860	272,373	422,453	422,000	422,591
Interest and Other Charges	149,198	137,387	126,560	112,923	98,925
<b>Total expenditures</b>	<b>70,589,732</b>	<b>70,637,640</b>	<b>70,644,446</b>	<b>70,980,399</b>	<b>72,655,622</b>
<b>Excess (Deficiency) of revenues over (under) expenditures</b>	<b>98,408</b>	<b>(1,417,666)</b>	<b>493,139</b>	<b>454,929</b>	<b>1,457,405</b>
<b>Other Financing sources (uses)</b>					
Capital leases (non-budgeted)	396,504	930,000		400,000	1,023,880
Bond proceeds					
Transfers in			150,000	1,044,420	33,160
Transfers out	(964)	(11,988)	(195,000)	(1,139,567)	(161,250)
<b>Total other financing sources (uses)</b>	<b>395,540</b>	<b>918,012</b>	<b>(45,000)</b>	<b>304,852</b>	<b>895,789</b>
<b>Net change in fund balances</b>	<b>\$ 493,948</b>	<b>\$ (499,654)</b>	<b>\$ 448,139</b>	<b>\$ 759,782</b>	<b>\$ 2,353,194</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>0.746%</b>	<b>0.589%</b>	<b>0.782%</b>	<b>0.775%</b>	<b>0.736%</b>



## WEST MILFORD BOARD OF EDUCATION

General Fund - Other Local Revenue by Source  
Last Ten Fiscal Years*(modified accrual basis of accounting)*

Fiscal Year Ended June 30,	Interest on Investments	Rentals	Refunds	Transportation	Misc.	Total
2003	95,618	42,172	29,735	100,594	102,758	370,877
2004	180			48,408	223,833	272,421
2005	121,029	44,641	94,706	35,058	7,565	302,999
2006	171,127	24,525		13,487	94,575	303,714
2007	207,831	59,345		74,253	47,199	388,628
2008	232,660	60,912		68,191	414,850	776,614
2009	133,421	82,327		76,942	306,155	598,846
2010	63,809	77,899		71,826	63,501	277,035
2011	60,499	81,719		53,556	92,064	287,838
2012	46,986	88,709			224,197	359,891

Source: District Records

## WEST MILFORD BOARD OF EDUCATION

Assessed Value and Actual Value of Taxable Property,  
Last Ten Fiscal Years

Fiscal Year Ended June 30	Vacant Land	Residential	Farm Prop.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax- Exempt Property	Public Utilities <sup>a</sup>	Net Valuation Taxable	Total Direct School Tax Rate <sup>a</sup>	Estimated Actual (County Equalized Value)
2002	61,739,200	1,245,699,300	21,413,700	676,700	84,076,600	10,501,900	798,900	1,424,806,300	1,424,806,300	6,656,770	1,431,463,070	2.300	1,999,795,152
2003	61,163,600	1,264,564,500	22,574,900	714,400	86,636,900	10,613,300	798,900	1,447,086,400	1,447,086,400	7,155,025	1,454,241,425	2.430	2,210,322,099
2004	58,984,300	1,283,320,800	24,429,600	708,900	85,692,300	10,665,100	798,900	1,464,599,900	1,464,599,900	6,856,529	1,471,456,429	2.550	2,514,822,103
2005	56,196,200	1,302,757,100	24,526,200	706,700	86,010,500	10,287,800	798,900	1,481,253,400	1,481,253,400	6,353,032	1,487,606,432	2.550	2,876,529,429
2006	54,309,100	1,313,342,600	25,550,300	690,400	88,664,800	10,267,800	550,000	1,493,375,000	1,493,375,000	5,581,507	1,498,956,507	2.750	3,240,045,212
2007	53,119,700	1,325,390,400	25,342,100	680,400	89,266,900	10,267,800	550,000	1,504,617,300	1,504,617,300	4,906,228	1,509,523,528	2.870	3,616,264,649
2008	52,613,700	1,329,724,000	27,901,100	648,700	90,219,000	9,966,200	550,000	1,511,622,700	1,511,622,700	4,217,482	1,515,840,182	3.051	3,808,167,208
2009	50,170,500	1,338,144,200	27,339,200	627,200	87,695,100	9,632,400	550,000	1,514,158,600	1,514,158,600	4,206,117	1,518,364,717	3.171	3,861,659,428
2010	49,109,000	1,319,511,100	28,708,100	614,700	87,182,100	9,682,900	550,000	1,495,337,900	1,495,337,900	4,044,415	1,499,382,315	3.329	3,677,260,684
2011	48,452,100	1,315,675,500	26,443,500	602,800	87,243,300	9,704,500	550,000	1,488,671,700	1,488,671,700	3,916,095	1,492,586,795	3.409	3,433,239,806

Source: District records Tax list summary &amp; Municipal Tax Assessor

**Note:** Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

<sup>a</sup> Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies<sup>b</sup> Tax rates are per \$100

## WEST MILFORD BOARD OF EDUCATION

Direct and Overlapping Property Tax Rates  
Last Ten Fiscal Years

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	West Milford Board of Education					Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Township of West Milford	Passaic County	
2002	2.296	0.134	2.43	1.01	0.84	4.28
2003	1.592	0.958	2.55	1.05	0.87	4.47
2004	2.275	0.375	2.65	1.07	0.93	4.65
2005	2.401	0.349	2.75	1.12	1.01	4.88
2006	2.549	0.323	2.87	1.19	1.13	5.19
2007	2.697	0.296	2.99	1.26	1.19	5.44
2008	2.778	0.273	3.051	1.331	1.265	5.647
2009	2.914	0.257	3.171	1.409	1.279	5.859
2010	3.065	0.264	3.329	1.478	1.310	6.117
2011	1.929	1.480	3.409	1.502	1.321	6.232

Source: District Records and Municipal Tax Collector

**Note:**

NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calcu

**a** The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

**b** Rates for debt service are based on each year's requirements.

## WEST MILFORD BOARD OF EDUCATION

Principal Property Tax Payers,  
Current Year and Nine Years Ago

Taxpayer	2011				2003			
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value		Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	
City of Newark	\$ 25,488,100	1	1.70%		\$ 25,488,100	1	1.78%	
Inserra/WM LLC	\$ 6,850,000	2	0.46%		\$ 6,850,000	2	0.48%	
West Milford Shopping Plaza	6,102,900	3	0.41%		6,102,900	3	0.43%	
Bald Eagle Inc.	4,200,000	4	0.28%		6,081,000	4	0.42%	
Lakeland State Bank	2,794,500	5	0.19%		4,617,200	5	0.32%	
Bald Eagle Square	2,100,000	6	0.14%					
Castranova	1,732,600	7	0.12%					
LGP Realty of West Milford LLC	1,582,400	8	0.11%					
Wesstor, LLC	1,582,200	9	0.11%		1,582,200	9	0.11%	
Dayon Family Trust	1,488,400	10	0.10%					
West Milford Realty Investments								
69 Maple Ave. Associates					3,045,000	6	0.21%	
Scala, Thomas & Patricia, and Thomas L. & Patricia					2,003,100	7	0.14%	
Paradise Space Center					1,488,400	10	0.10%	
Castranova					1,732,600	8	0.12%	
Total	\$ 53,921,100		3.61%		\$ 58,990,500		4.11%	

Source: District CAFR &amp; Municipal Tax Assessor

## WEST MILFORD BOARD OF EDUCATION

Property Tax Levies and Collections,  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2003	35,252,409	35,252,409	100.00%	-
2004	37,466,637	37,466,637	100.00%	-
2005	39,422,406	39,422,406	100.00%	-
2006	41,213,666	41,213,666	100.00%	-
2007	43,345,077	43,345,077	100.00%	-
2008	45,366,540	45,366,540	100.00%	-
2009	46,230,729	46,230,729	100.00%	-
2010	48,152,702	48,152,702	100.00%	-
2011	49,908,582	49,908,582	100.00%	-
2012	50,883,737	50,883,737	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

**Note:** School taxes are collected by the Municipal Tax Collector. Under New Jersey State a municipality is required to remit to the school district the entire property tax amount voted upon or certified prior to the end of the school.

## WEST MILFORD BOARD OF EDUCATION

Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Loans Payable	Capital Leases	Total District		
2003	1,410,000		1,429,018	2,839,018	0.0036%	103
2004	5,573,000	292,965	1,136,495	7,002,460	0.0036%	253
2005	5,233,000	257,891	795,567	6,286,458	0.0030%	190
2006	4,883,000	221,982	759,718	5,864,700	0.0030%	177
2007	4,483,000	185,607	956,710	5,625,317	0.0029%	163
2008	4,148,000	148,748	968,118	5,264,866	0.0036%	191
2009	3,913,000	156,959	1,422,161	5,492,120	0.0036%	198
2010	3,533,000	114,506	916,644	4,564,150	0.0039%	176
2011	3,133,000	92,505	816,590	4,042,095	0.0039%	156
2012	2,733,000	69,914	1,214,688	4,017,602	N/A	N/A

Source: District CAFR Schedules I-1, I-2

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

## WEST MILFORD BOARD OF EDUCATION

Ratios of Net General Bonded Debt Outstanding  
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2003	1,410,000	-	1,410,000	0.10%	51
2004	5,573,000	-	5,573,000	0.38%	202
2005	5,233,000	-	5,233,000	0.35%	190
2006	4,883,000	-	4,883,000	0.33%	177
2007	4,483,000	-	4,483,000	0.30%	163
2008	4,148,000	-	4,148,000	0.27%	150
2009	3,913,000	-	3,913,000	0.26%	141
2010	3,533,000	-	3,533,000	0.24%	137
2011	3,133,000	-	3,133,000	0.21%	121
2012	2,733,000	-	2,733,000	N/A	N/A

**Note:** Details regarding the district's outstanding debt can be found in the notes to the financial statements.

**a** See Exhibit NJ J-6 for property tax data.

**b** Population data can be found in Exhibit NJ J-14.

## WEST MILFORD BOARD OF EDUCATION

Direct and Overlapping Governmental Activities Debt  
Year Ended June 30, 2012

<u>Governmental Unit</u>	(1) Debt Outstanding	Estimated Percentage Applicable <sup>a</sup>	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Township of West Milford	31,547,621	100.000%	31,547,621
<b>Other debt</b>			
Passaic County	337,860,171	4.376%	14,783,508
Passaic County Utility Authority	57,635,000	4.376%	2,521,894
Utilities Authority	8,305,300	100.000%	8,305,300
Subtotal, overlapping debt			57,158,322
<b>West Milford Township School District Direct Debt</b>			<u>2,802,914</u>
<b>Total direct and overlapping debt</b>			<u>\$ 59,961,237</u>

**Sources:** Township of West Milford Finance Officer, Passaic County Finance Office and Utility Authorities

**Note:** Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of West Milford. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

**a** For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

(1) Debt Information as of December 31, 2011



## WEST MILFORD BOARD OF EDUCATION

## Legal Debt Margin Information,

## Last Ten Fiscal Years

## Legal Debt Margin Calculation for Fiscal Year 2011

Equalized valuation basis	
2011	\$ 3,299,804,300
2010	3,439,139,604
2000	3,713,903,851
[A]	<u>\$ 10,452,847,755</u>
[A]/3	\$ 3,484,282,585

## Average equalized valuation of taxable property

[B]	139,371,303 <sup>a</sup>
[C]	<u>2,802,914</u>
[B-C]	<u>\$ 136,568,389</u>

## Debt limit ( 4 % of average equalization value)

## Net bonded school debt

## Legal debt margin

## Fiscal Year

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	\$ 78,503,539	\$ 87,952,814	\$ 99,897,374	\$ 113,669,569	\$ 128,523,405	\$ 141,268,802	\$ 149,786,778	\$ 151,437,293	\$ 146,639,134	\$ 139,371,303
Total net debt applicable to limit	1,410,000	5,573,000	5,233,000	4,883,000	4,483,000	4,148,000	3,913,000	3,533,000	3,133,000	2,802,914
Legal debt margin	<u>\$ 77,093,539</u>	<u>\$ 82,379,814</u>	<u>\$ 94,664,374</u>	<u>\$ 108,786,569</u>	<u>\$ 128,523,405</u>	<u>\$ 137,120,802</u>	<u>\$ 145,873,778</u>	<u>\$ 147,904,293</u>	<u>\$ 143,506,134</u>	<u>\$ 136,568,389</u>
Total net debt applicable to the limit as a percentage of debt limit	2.72%	1.80%	6.34%	5.24%	4.30%	3.49%	2.94%	2.33%	2.14%	2.01%

Source: Abstract of Rates and District Records CAFR Schedule J-11

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

## WEST MILFORD BOARD OF EDUCATION

Demographic and Economic Statistics  
Last Ten Fiscal Years

Year	Population <sup>a</sup>	Personal Income (thousands of dollars) <sup>b</sup>	Per Capita Personal Income <sup>c</sup>	Unemployment Rate <sup>d</sup>
2002	27,401	882,175,195	32,195	4.7%
2003	27,572	898,433,620	32,585	4.9%
2004	27,635	922,179,950	33,370	3.7%
2005	27,599	973,389,131	35,269	4.0%
2006	27,574	1,044,089,510	37,865	4.5%
2007	27,528	1,107,258,744	40,223	4.2%
2008	27,568	1,145,615,808	41,556	5.7%
2009	27,746	1,121,659,796	40,426	8.4%
2010	25,871	1,092,480,588	42,228	8.5%
2011	25,892	N/A	N/A	9.0%

**Source:**<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development<sup>b</sup> Personal income has been estimated based upon the principal and per capital personal income presented<sup>c</sup> Per Capita Personal Income provided by U.S. Department of Commerce, Bureau of Economic Analysis.<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

## WEST MILFORD BOARD OF EDUCATION

Principal Employers,  
Current Year and ten Years Ago

Employer	2011			2003		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
West Milford Township Board of Education	N/A	N/A	N/A	N/A	N/A	N/A
Shop-Rite of West Milford	N/A	N/A	N/A	N/A	N/A	N/A
West Milford Township Board of Education	N/A	N/A	N/A	N/A	N/A	N/A
Milford Manor Convalescent Center	N/A	N/A	N/A	N/A	N/A	N/A
Lakeland State Bank Corp.	N/A	N/A	N/A	N/A	N/A	N/A
United States Postal Service	N/A	N/A	N/A	N/A	N/A	N/A
McDonald's	N/A	N/A	N/A	N/A	N/A	N/A
Five Star Values, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Esco Products Corporation	N/A	N/A	N/A	N/A	N/A	N/A
KLAE Construction Inc.	N/A	N/A	N/A	N/A	N/A	N/A
Fredericks Freeland Heating Service	N/A	N/A	N/A	N/A	N/A	N/A
Kemp Industries	N/A	N/A	N/A	N/A	N/A	N/A
Service Concrete Corporation	N/A	N/A	N/A	N/A	N/A	N/A

Source: Description of the Township of West Milford 2005 Bond Sale Appendix A

## WEST MILFORD BOARD OF EDUCATION

## Full-time Equivalent District Employees by Function/Program,

## Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Instruction										
Regular	278.20	275.60	273.10	268.60	243.70	252.80	243.50	240.75	239.00	235.76
Special education	52.50	55.50	59.00	63.10	115.10	118.10	105.10	104.10	116.60	101.60
Other special education	12.50	12.50	11.50	11.00	15.00	11.50	10.00	10.00	9.00	10.50
Other instruction	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Support Services:										
Tuition										
Student & instruction related services	58.50	57.50	58.70	58.70	64.05	71.30	68.20	68.00	54.80	53.65
General administrative services	8.00	8.00	8.00	8.00	7.55	7.00	7.05	7.05	8.05	8.29
School administrative services	42.00	42.00	42.00	42.00	39.00	35.75	38.75	38.75	39.50	38.75
Central services and Admin. Infor. Tech.	12.00	12.00	12.00	12.00	11.45	12.45	11.85	11.85	12.00	13.70
Plant operations and maintenance	54.00	54.00	53.00	52.00	61.75	67.25	84.75	84.40	80.00	55.25
Pupil transportation	62.25	63.25	63.25	63.25	61.50	67.50	65.50	65.00	63.00	56.95
Food Service	38.00	35.00	32.00	33.00	31.00	26.50	32.00	32.00	32.00	29.00
Adult Community School	26.00	26.00	25.00	25.00	27.00	22.00	22.00	22.00	22.00	22.00
Total	644.95	642.35	638.55	637.65	678.10	693.15	689.70	684.90	676.95	626.45

Source: District Personnel Records

## WEST MILFORD BOARD OF EDUCATION

## Operating Statistics

## Last Ten Fiscal Years

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2003	4,700	53,772,807	11,441	7.16%	394	1:21	1:12	1:12	4,693.8	4,476.2	1.32%	95.40%
2004	4,728	56,988,318	12,053	5.35%	393	1:21	1:12	1:12	4,718.7	4,459.2	53.00%	94.50%
2005	4,656	59,582,924	12,797	6.17%	394	1:15	1:12	1:12	4,651.0	4,422.0	-1.43%	95.10%
2006	4,518	62,390,931	13,809	7.91%	393	1:12	1:10	1:13	4,527.0	4,305.0	-2.67%	95.10%
2007	4,444	66,650,535	14,998	8.61%	384	1:12	1:10	1:13	4,390.7	4,172.7	-3.10%	95.03%
2008	4,385	69,353,511	15,816	5.46%	382	1:13	1:11	1:12.5	4,278.7	4,063.2	-2.69%	94.96%
2009	4,209	69,103,773	16,418	3.81%	375	1:12.8	1:9.7	1:11.4	4,124.1	3,904.1	-3.61%	94.67%
2010	4,013	69,689,631	17,366	5.77%	356	1:13	1:22	1:13	4,001.0	3,808.0	-2.40%	97.60%
2011	4,009	68,498,262	17,086	-1.61%	335	1:18	1:08	1:09	3,944.5	3,752.2	-1.40%	95.10%
2012	3,896	70,321,875	18,050	5.64%	307	1:12	1:14	1:12	3,797.3	3,615.9	-3.87%	95.20%

Sources: District records

Note: Enrollment based on annual October district count.

<sup>a</sup> Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-4<sup>b</sup> Teaching staff includes only full-time equivalents of certificated staff.<sup>c</sup> Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<u>District Building</u>										
<u>Elementary</u>										
Apshawa (1996)										
Square Feet	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172	37,172
Capacity (students)	367	367	367	367	367	367	367	367	367	367
Enrollment	340	352	331	320	320	323	323	306	290	269
Maple Road (1968)										
Square Feet	41,747	41,747	46,947	46,947	46,947	46,947	46,947	46,947	46,947	46,947
Capacity (students)	373	373	373	373	373	373	373	373	373	373
Enrollment	378	393	370	360	360	365	365	334	336	329
Marshall Hill (1959)										
Square Feet	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546	37,546
Capacity (students)	486	486	486	486	486	486	486	486	486	486
Enrollment	490	456	441	419	419	382	382	342	338	325
Paradise Knoll (1955)										
Square Feet	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547	30,547
Capacity (students)	350	350	350	350	350	350	350	350	350	350
Enrollment	328	343	360	347	347	300	300	302	303	302
Upper Greenwood Lake (1966)										
Square Feet	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155	36,155
Capacity (students)	456	456	456	456	456	456	456	456	456	456
Enrollment	412	416	398	375	375	362	362	317	313	313
Westbrook(1973)										
Square Feet	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339	42,339
Capacity (students)	508	508	508	508	508	508	508	508	508	508
Enrollment	528	507	495	480	480	463	463	427	410	399

WEST MILFORD BOARD OF EDUCATION

School Building Information

Last Ten Fiscal Years

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b><u>Middle School</u></b>										
Macopin (1959)										
Square Feet	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066	105,066
Capacity (students)	869	869	869	869	869	869	869	869	869	869
Enrollment	782	811	766	755	755	677	677	651	665	627
<b><u>High School</u></b>										
West Milford (1976)										
Square Feet	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514	182,514
Capacity (students)	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840	1,840
Enrollment	1,442	1,450	1,495	1,462	1,462	1,439	1,439	1,334	1,294	1,242
<b><u>Other</u></b>										
Administration Building (1976)										
Square Feet	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Transportation Office (1976)										
Square Feet	980	980	980	980	980	980	980	980	980	980
Transportation Garage (1976)										
Square Feet	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600
Transportation Garage (2005)										
Square Feet	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Maintenance Pole Barn (1985)										
Square Feet	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
Hillcrest Community Center (1925)										
Square Feet	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005	7,005

Number of Schools at June 30, 2012

Elementary = 6

Middle School = 1

High School = 1

Other = 6

Source: District records, ASSA

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of and additions. Enrollment is based on the annual October district count.

## WEST MILFORD BOARD OF EDUCATION

GENERAL FUND  
SCHEDULE OF ALLOWABLE MAINTENANCE EXPENDITURES BY SCHOOL FACILITY  
LAST TEN FISCAL YEARS  
UNAUDITED

UNDISTRIBUTED EXPENDITURES - REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
11-000-261-XXX

*School Facilities	Project # (s)	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
WEST MILFORD HIGH SCHOOL	N/A	178,467	239,311	220,842	174,358	\$ 164,948	\$ 162,601	\$ 234,115	\$ 227,557	\$ 201,729	\$ 155,611
APSHAWA	N/A	65,872	45,143	31,514	49,061	162,735	39,095	25,242	23,504	41,176	43,844
MACOPIN	N/A	125,260	130,533	97,611	78,430	90,362	99,387	117,448	63,448	131,779	107,596
MAPLE ROAD	N/A	67,017	49,342	30,680	92,761	26,451	22,269	40,006	44,472	33,616	42,864
MARSHALL HILL	N/A	24,524	45,387	36,486	89,533	32,050	24,092	31,586	32,370	27,174	39,477
PARADISE KNOLL	N/A	51,938	6,940	37,404	34,380	45,207	76,159	39,931	109,956	36,504	77,211
UPPER GREENWOOD LAKE	N/A	34,252	47,367	78,659	49,287	35,566	45,144	26,112	29,598	52,843	42,470
WEST BROOK	N/A	31,903	47,685	68,528	56,618	45,568	73,139	34,464	49,749	78,552	82,435
ADMINISTRATION	N/A	47,971	8,158	4,953	8,351	2,995	29,856	1,433	18,749	9,410	6,797
HILLCREST	N/A				52	-	-	35	344	1,237	427
MAINTENANCE POLE BARN	N/A	12,098	5,116	32,403	14,836	26,033	18,515	17,099	11,884	12,636	3,152
TRANSPORTATION GARAGE	N/A	14,901	1,651	29,112	39,986	76,887	83,385	77,859	127,399	30,441	1,311
TOTAL SCHOOL FACILITIES		654,203	626,633	688,192	687,653	708,802	673,642	645,331	739,031	657,097	603,195

(\*) School facilities as defined under EFCFA,  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records



**WEST MILFORD SCHOOL DISTRICT**

**Insurance Schedule**  
**June 30, 2012**  
**Unaudited**

	<b>Coverage</b>	<b>Deductible</b>
<b><u>Property &amp; Casualty</u></b>		
Building & Contents including Equipment Breakdown	88,829,911	5,000
Commercial General Liability	1,000,000	N/A
Personal and Advertising Injury Limit	1,000,000	
Fire and Explosion Damage Limit	1,000,000	
Product/Completed Operations Aggregate	2,000,000	
General Aggregate - Policy Limit	2,000,000	
Medical Expenses	10,000	
Employee Benefits Liability	1,000,000	
Business Income with Extra Expense	5,000,000	
Limited Pollution Liability Extension	1,000,000	
Valuable Papers	5,000,000	
Boiler & Machinery Blanket Property Limit	100,000,000	1,000
Crime - Blanket Employee Dishonesty	500,000	5,000
Faithful Performance	500,000	5,000
Forgery or Alteration	50,000	1,000
Form C Loss Inside & Outside Money & Securities	50,000	1,000
Computer Fraud	50,000	1,000
Earthquake - Blanket Coverage	5,000,000	5% of Limit
Flood (Outside Zones A,V or B)	5,000,000	50,000
(Zone B)	2,000,000	100,000
(Zone A or V)	1,000,000	500,000
Commercial Automobile	1,000,000	5% of Limit
Towing & Labor	Symbol 3	25
Comprehensive & Collision	Symbol 2 & 8	1,000
	<b>Limit</b>	<b>Retention</b>
Commercial Umbrella - American Alternative Ins. Co.		
Policy 60A2UB000100405	9,000,000	10,000
Excess Liability - Fireman's Fund		
Policy SHX-000-8279-6459	50,000,000	10,000
School Board Legal Liability E&O Darwin National Assurance Company		
Policy - 0202-0853	1,000,000	25,000 / 50,000
Includes Personal Injury Extension		
Public Official Bonds - "CAN Surety		
Barbara Francisco - Business Admin. Board Sec.	450,000	N/A

WEST MILFORD SCHOOL DISTRICT

Insurance Schedule  
June 30, 2012  
Unaudited

	<u>Coverage</u>	<u>Premium</u>
Accidental Death & Dismemberment - Gerber Life		
Policy - BTA 37350		
Principal Sum	100,000	
Aggregate	500,000	
Environmental Impairment Liability - Site Specific		
American Cas. Ins. Co.		
Claims Made Form		
Policy EIL-004059-08-13		
Each Occurrence	1,000,000	
Aggregate	3,000,000	15,000
Program Aggregate	20,000,000	
<u>Storage Tank Third Party Liability - Zurich American Ins. Co.</u>		
Claims Made Form		
Policy -USC-3511057-10		
Each Claim	1,000,000	5,000
Total all Claims	1,000,000	
Retro Date Coverage's A and B		7/1/1998
<u>NFIP Flood Insurance Policy - Harleysville Ins. Co. of NJ</u>		
Claims Made Form		
Policy-99029942812010		
Building	90,000	1,000

**SINGLE AUDIT SECTION**

# Ferraioli, Wielkottz, Cerullo & Cuva, P.A.

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## **REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and  
Members of the Board of Education  
Township of West Milford School District  
County of Passaic  
West Milford, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the Board of Education of the Township of West Milford School District in the County of Passaic, as of and for the fiscal year ended June 30, 2012, which collectively comprise the basic financial statements of the Board of Education of the Township of West Milford School District in the County of Passaic and have issued our report thereon dated November 30, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

### **Internal Control Over Financial Reporting**

Management of the Township of West Milford Board of Education is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Township of West Milford Board of Education's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of West Milford Board of Education's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of West Milford Board of Education's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.



Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of West Milford Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

However, we noted certain immaterial instances of noncompliance that we reported to the Board of Education of the Township of West Milford School District in a separate report entitled, *Auditor's Management Report on Administrative Findings - Financial, Compliance and Performance* dated November 30, 2012.

This report is intended solely for the information and use of management, the Township of West Milford Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Charles J. Ferraioli, Jr., C.P.A.  
Licensed Public School Accountant  
No. 749

*Ferraioli, Wielkottz, Cerullo, + Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

November 30, 2012

# Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

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## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND N.J. OMB CIRCULAR 04-04

Honorable President and  
Members of the Board of Education  
Township of West Milford School District  
County of Passaic  
West Milford, New Jersey

### Compliance

We have audited the compliance of the Board of Education of the Township of West Milford School District, in the county of Passaic, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the *New Jersey State Aid/Grant Compliance Supplement* that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012. The Township of West Milford Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Township of West Milford Board of Education's management. Our responsibility is to express an opinion on the Township of West Milford Board of Education's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations; and the provisions the New Jersey State OMB's Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards, OMB Circular A-133 and New Jersey OMB's Circular 04-04, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the Township of West Milford Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Township of West Milford Board of Education's compliance with those requirements.



In our opinion, the Board of Education of the Township of West Milford School District, complied, in all material respects, with the compliance requirements referred to above that have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2012.


### **Internal Control Over Compliance**

The management of the Board of Education of the Township of West Milford School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered the Township of West Milford Board of Education's internal control over compliance with the requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB's Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effective of the Township of West Milford Board of Education's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. *A material weakness* in internal control over compliance is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Township of West Milford Board of Education, the New Jersey State Department of Education, and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Charles J. Ferraioli, Jr., C.P.A.  
Licensed Public School Accountant  
No. 749

*Ferraioli, Wielkutz, Cerullo, & Cuva, P.A.*

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.  
Certified Public Accountants

**WEST MILFORD SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year Ending June 30, 2012**

Federal Grantor/Pass- Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Award Amount	Grant Period From / To	(Accounts Receivable)	June 30, 2011 Deferred Revenue	Due to Grantor	Carryover/ Adjustments
Passed-through State Department of Education:								
General Fund:								
U.S. Department of Health and Human Services: Medicaid Reimbursement	93.778	N/A	97,328.47	7/1/10-6/30/11				
U.S. Department of Education: Education Jobs Fund	84.410A	N/A	554,236.00	8/10/10-9/30/12				
Total General Fund								
U.S. Department of Agriculture								
Passed - through State Department of Education:								
Enterprise Fund:								
U.S.D.A. Commodities Program	10.550	N/A	40,652.62	7/1/11-6/30/12		5,268.01		
National School Lunch Program	10.555	N/A	200,851.31	7/1/11-6/30/12				
National School Lunch Program	10.555	N/A	186,539.96	7/1/10-6/30/11	(17,954.40)			
School Breakfast Program	10.553	N/A	6,320.62	7/1/11-6/30/12	(610.66)			
School Breakfast Program	10.553	N/A	5,521.44	7/1/10-6/30/11	(18,565.06)	5,268.01		
Total Enterprise Fund								
U.S. Department of Education								
Passed - through State Department of Education:								
Special Revenue Fund:								
ARRA - Title I - Part A	84.389	ARRA5650-10	272,703.00	9/1/09-8/31/10	(27,288.16)			
Title I - Improving Basic Programs	84.010A	NCLB5650-12	453,935.00	9/1/11-8/31/12				
Title I - Improving Basic Programs	84.010A	NCLB5650-11	449,199.00	9/1/10-8/31/11	(144,411.92)			3,506.00
Title I - Improving Basic Programs	84.010A	NCLB5650-10	415,978.00	9/1/09-8/31/10	(6,308.00)			(3,506.00)
Title I - Improving Basic Programs	84.010A	NCLB5650-09	424,615.00	9/1/08-8/31/09		3,506.00		
Title II - A -Teacher & Principal Training & Recruiting	84.367A	NCLB5650-12	132,407.00	9/1/11-8/31/12	(51,070.46)			
Title II - A -Teacher & Principal Training & Recruiting	84.367A	NCLB5650-11	148,640.00	9/1/10-8/31/11	(692.16)			
Title II - D - Enhancing Education Through Technology	84.318X	NCLB5650-11	1,019.00	9/1/10-8/31/11				
Title III - English Enhancement	84.365A	NCLB5650-12	5,050.00	9/1/11-8/31/12	(5,764.00)			
Title III - English Enhancement	84.365A	NCLB5650-11	5,764.00	9/1/10-8/31/11			260.40	
Title IV - Safe and Drug Free Schools	84.186A	NCLB5650-10	10,217.00	9/1/09-8/31/10	(0.14)			
Title IV - Safe and Drug Free Schools	84.391	ARRA5650-10	893,223.00	9/1/09-8/31/10	(1,377.20)			
ARRA - I.D.E.A. Part B	84.392	ARRA5650-10	32,302.00	9/1/09-8/31/10	(27,518.38)			
ARRA - I.D.E.A. Part B Preschool	84.027	IDEA5650-12	926,788.00	9/1/11-8/31/12	(50,728.13)			
I.D.E.A. Part B, Basic Regular	84.027	IDEA5650-11	925,762.00	9/1/10-8/31/11				
I.D.E.A. Part B, Basic Regular	84.173	IDEA5650-12	38,859.00	9/1/11-8/31/12	(50.44)			
I.D.E.A. Part B, Preschool	84.173	IDEA5650-11	39,121.00	9/1/10-8/31/11	(317,208.99)	3,506.00	260.40	
Total Special Revenue Fund								
Total Federal Financial Awards								

See accompanying notes to Schedules of Expenditures of Federal awards and State Financial Assistance.



**WEST MILFORD SCHOOL DISTRICT**  
**Schedule of Expenditures of Federal Awards**  
**for the Fiscal Year Ending June 30, 2012**

Federal Grantor/Pass-Through Grantor/ Program Title	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	June 30, 2012		MEMO Cumulative Total Expenditures
				(Accounts Receivable)	Deferred Revenue	
<b>Passed-through State Department of Education:</b>						
General Fund:						
U.S. Department of Health and Human Services:						
Medicaid Reimbursement	97,328.47	(97,328.47)				97,328.47
U.S. Department of Education:						
Education Jobs Fund	554,236.00	(554,236.00)				554,236.00
Total General Fund	651,564.47	(651,564.47)				651,564.47
<b>U.S. Department of Agriculture</b>						
<b>Passed - through State Department</b>						
<b>of Education:</b>						
Enterprise Fund:						
U.S.D.A. Commodities Program	40,652.62	(44,885.52)			1,035.11	44,885.52
National School Lunch Program	188,931.33	(200,651.31)		(11,719.98)		200,651.31
National School Lunch Program	17,954.40					
School Breakfast Program	5,812.15	(6,320.62)		(508.47)		6,320.62
School Breakfast Program	610.66					
Total Enterprise Fund	253,961.16	(251,857.45)		(12,228.45)	1,035.11	251,857.45
<b>U.S. Department of Education</b>						
<b>Passed - through State Department</b>						
<b>of Education:</b>						
Special Revenue Fund:						
ARRA - Title I - Part A	68,159.69	(40,871.53)				272,702.69
Title I - Improving Basic Programs	172,558.00	(326,703.27)		(154,145.27)		326,703.27
Title I - Improving Basic Programs	206,826.00	(66,619.08)		(4,405.00)		449,199.00
Title I - Improving Basic Programs	4,656.00			(146.00)		415,978.00
Title I - Improving Basic Programs						424,615.00
Title II - A - Teacher & Principal Training & Recruiting	77,129.18	(121,096.11)		(43,966.93)		121,096.11
Title II - A - Teacher & Principal Training & Recruiting	76,807.82	(25,537.36)				148,629.82
Title II - D - Enhancing Education Through Technology	1,219.00					
Title III - English Enhancement	8,563.98	(5,050.00)		(5,050.00)	526.84	1,019.00
Title III - English Enhancement		(2,799.98)				5,050.00
Title IV - Safe and Drug Free Schools	199.14		260.40			5,763.98
ARRA - I.D.E.A. Part B	20,286.82	(16,019.17)			199.00	11,109.00
ARRA - I.D.E.A. Part B Preschool	27,518.36				2,890.45	10,217.00
I.D.E.A. Part B, Basic Regular	861,486.87	(915,189.06)		(53,702.19)		890,331.75
I.D.E.A. Part B, Basic Regular	122,152.13	(71,424.00)				32,302.00
I.D.E.A. Part B, Preschool	0.56	(38,859.00)		(38,858.44)		915,189.06
I.D.E.A. Part B, Preschool	50.44					925,761.44
Total Special Revenue Fund	1,647,214.01	(1,630,168.56)	260.40	(300,273.83)	3,616.29	38,859.00
Total Federal Financial Awards	2,552,739.64	(2,533,590.48)	260.40	(312,502.28)	4,651.40	39,050.55

See accompanying notes to Schedules of Expenditures of Federal awards and State Financial Assistance.

**WEST MILFORD SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year Ending June 30, 2012**

State Grantor/Program Title	Grant or State Project Number	Program or Award Amount	Grant Period From / To	(Accounts Receivable)	June 30, 2011 Deferred Revenue	Due to Grantor	Cash Received	Budgetary Expenditures
<b>State Department of Education:</b>								
<b>General Fund:</b>								
Equalization Aid	12-495-034-5120-078	10,140,424.00	7/1/11-6/30/12				9,141,201.00	(10,140,424.00)
Transportation Aid	12-495-034-5120-014	1,655,275.00	7/1/11-6/30/12				1,492,167.00	(1,655,275.00)
Special Education Categorical Aid	12-495-034-5120-089	2,122,002.00	7/1/11-6/30/12				1,912,903.00	(2,122,002.00)
Security Aid	12-495-034-5120-084	304,246.00	7/1/11-6/30/12				274,266.00	(304,246.00)
Adjustment Aid	12-495-034-5120-085	25,466.00	7/1/11-6/30/12				22,975.00	(25,466.00)
Anti-bullying Legislation	N/A	2,175.00	7/1/11-6/30/12				2,175.00	(2,175.00)
Extraordinary Special Educ. Costs Aid	12-100-034-5120-473	944,740.00	7/1/11-6/30/12				757,925.00	(944,740.00)
Extraordinary Special Educ. Costs Aid	11-100-034-5120-473	757,925.00	7/1/10-6/30/11	(757,925.00)			46,483.80	(61,272.90)
Reimbursement of Nonpublic Transportation	12-495-034-5120-014	61,272.90	7/1/11-6/30/12					
On-Behalf TPAF contribution:	11-495-034-5120-014	46,483.80	7/1/10-6/30/11	(46,483.80)				
Pension	12-495-034-5095-006	861,770.00	7/1/11-6/30/12				861,770.00	(861,770.00)
NCGL Premium	12-495-034-5095-007	92,480.00	7/1/11-6/30/12				92,480.00	(92,480.00)
Post Retirement Medical	12-495-034-5095-001	1,918,293.00	7/1/11-6/30/12				1,918,293.00	(1,918,293.00)
Reimbursed T.P.A.F. - Social Security	12-495-034-5095-002	2,161,506.48	7/1/11-6/30/12				2,054,250.56	(2,161,506.48)
Reimbursed T.P.A.F. - Social Security	11-495-034-5095-002	2,131,310.12	7/1/10-6/30/11	(105,074.23)			105,074.23	(20,289,670.38)
Total General Fund				(909,483.03)			18,681,963.59	
<b>Debt Service Fund:</b>								
Debt Service Aid Type II	12-100-034-5120-125	4,848.00	7/1/11-6/30/12				4,848.00	(4,848.00)
Total Debt Service Fund							4,848.00	(4,848.00)
<b>Capital Projects Fund:</b>								
New Jersey Economic Development Auth.	5650-042-09-1004	28,528.83	7/1/10-6/30/11	(25,606.83)				(3,222.00)
	5650-055-09-1006	36,457.50	7/1/10-6/30/11	(34,840.00)				(1,617.50)
	5650-070-09-1010	6,959.67	7/1/10-6/30/11	(6,959.67)				
	5650-040-09-1003	19,587.50	7/1/10-6/30/11	(17,970.00)				(1,617.50)
	5650-042-09-1005	7,832.20	7/1/10-6/30/11	(7,832.20)			7,832.20	
	5650-060-09-2008	9,156.36	7/1/10-6/30/11	(9,156.36)			9,156.36	
	5650-070-09-2009	11,109.76	7/1/10-6/30/11	(11,109.76)			11,109.76	
	5650-080-09-1012	6,818.35	7/1/10-6/30/11	(6,818.35)				
	5650-090-09-1013	13,691.00	7/1/10-6/30/11	(13,691.00)			13,691.00	
	5650-040-09-1002	114,737.73	7/1/10-6/30/11	(114,737.73)				
P22735		45,585.00	7/1/09-6/30/10	(248,721.90)	40,167.92		41,789.32	(30,744.00)
Total Capital Projects Fund					40,167.92			(37,201.00)
<b>Special Revenue Fund:</b>								
N.J. Nonpublic Aid:	12-100-034-5120-064	2,346.00	7/1/11-6/30/12				2,346.00	(2,297.00)
Textbook Aid	11-100-034-5120-064	2,765.00	7/1/10-6/30/11		57.00		3,352.00	(3,352.00)
Nonpublic Nursing	12-100-034-5120-070	3,352.00	7/1/11-6/30/12				5,698.00	(5,649.00)
Total Special Revenue Fund								
<b>State Department of Agriculture</b>								
<b>Enterprise Fund:</b>								
National School Lunch Program	12-100-010-3350-023	11,419.42	7/1/11-6/30/12				8,972.32	(9,536.89)
National School Lunch Program	11-100-010-3350-023		7/1/10-6/30/11	(1,225.70)			1,225.70	
Total Enterprise Fund				(1,225.70)			10,198.02	(9,536.89)
Total State Financial Assistance				(1,159,430.63)	40,167.92	57.00	18,744,496.93	(20,346,905.27)

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance.

**WEST MILFORD SCHOOL DISTRICT**  
**Schedule of Expenditures of State Financial Assistance**  
**for the Fiscal Year Ending June 30, 2012**

State Grantor/Program Title	Repayment of Prior Years' Balances	(Accounts Receivable)	June 30, 2012 Deferred Revenue	Due to Grantor at	MEMO	
					Budgetary Receivable	Cumulative Total Expenditures
<b>State Department of Education:</b>						
<b>General Fund:</b>						
Equalization Aid					998,223.00	10,140,424.00
Transportation Aid					163,108.00	1,655,275.00
Special Education Categorical Aid					209,099.00	2,122,002.00
Security Aid					29,980.00	304,246.00
Adjustment Aid					2,511.00	25,486.00
Anti-bullying Legislation						2,175.00
Extraordinary Special Educ. Costs Aid		(944,740.00)				944,740.00
Extraordinary Special Educ. Costs Aid		(61,272.90)				61,272.90
Reimbursement of Nonpublic Transportation						-
On-Behalf TPAF contribution:						-
Pension						-
NCGI Premium						861,770.00
Post Retirement Medical						92,480.00
Reimbursed T.P.A.F. - Social Security		(107,255.92)				1,918,293.00
Reimbursed T.P.A.F. - Social Security						2,161,506.48
Total General Fund		(1,113,268.82)			1,403,921.00	20,289,670.36
<b>Debt Service Fund:</b>						
Debt Service Aid Type II						4,848.00
Total Debt Service Fund						4,848.00
<b>Capital Projects Fund:</b>						
New Jersey Economic Development Auth.						
(28,828.83)						28,828.83
(36,457.50)						36,457.50
(6,959.67)						6,959.67
(19,587.50)						19,587.50
(6,818.35)						7,832.00
(114,737.73)						9,156.36
						11,109.76
						6,818.35
						13,691.00
						114,737.73
			9,423.92			36,161.08
		(213,389.58)	9,423.92			281,369.78
<b>Total Capital Projects Fund</b>						
<b>Special Revenue Fund:</b>						
N.J. Nonpublic Aid:						
Textbook Aid				49.00		2,297.00
Textbook Aid	57.00					-
Nonpublic Nursing				49.00		3,352.00
Total Special Revenue Fund	57.00					5,649.00
<b>State Department of Agriculture</b>						
<b>Enterprise Fund:</b>						
National School Lunch Program		(564.57)				9,536.89
National School Lunch Program		(564.57)				9,536.89
Total Enterprise Fund						-
Total State Financial Assistance	57.00	(1,327,222.97)	9,423.92	49.00	1,403,921.00	20,601,074.05

See accompanying notes to Schedule of Expenditures of Federal awards and State Financial Assistance.

**NOTE 1. GENERAL**

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include the activity of all Federal and State Award programs of the Board of Education, Township of West Milford School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All Federal Awards and State Financial Assistance received directly from federal and state agencies, as well as Federal Awards and State Financial Assistance passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

**NOTE 2. BASIS OF ACCOUNTING**

The accompanying schedules of expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2 (C) and 2(D) to the Board's basic financial statements. The information in these schedules are presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(121,893.00) for the general fund and \$4,898.86 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

**NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS (continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 529,671.47	\$20,289,670.38	\$20,819,341.85
Special Revenue Fund	1,635,067.42	5,649.00	1,640,716.42
Debt Service Fund	-	4,848.00	4,848.00
Capital Projects Fund	-	6,457.00	6,457.00
Food Service Fund	<u>251,857.45</u>	<u>9,536.89</u>	<u>261,394.34</u>
Total Financial Awards	<u>\$2,416,596.34</u>	<u>\$20,316,161.27</u>	<u>\$22,732,757.61</u>

**NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

**NOTE 5. FEDERAL AND STATE LOANS OUTSTANDING**

The Township of West Milford School District had the following loan balances outstanding at June 30, 2012:

	<u>Amount Outstanding</u>
Safe Schools Program	\$ 7,404.44
Small Projects Program	30,600.18
N.J. Economic Authority Underground Storage Tank Loan	<u>31,909.50</u>
	<u>\$69,914.12</u>

**NOTE 6. OTHER**

The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2012. The amount reported as TPAF Social Security Contributions represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2012.

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Section 1 - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- 1) Material weakness(es) identified?            yes   X   no
- 2) Significant deficiencies identified?            yes   X   none reported

Noncompliance material to basic financial statements noted?            yes   X   no

**Federal Awards**

Internal Control over major programs:

- 1) Material weakness(es) identified?            yes   X   no
- 2) Significant deficiencies identified?            yes   X   none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section .510(a) of Circular A-133?            yes   X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	(2) <u>Title I - Improving Basic Programs</u>
<u>84.027</u>	(1) <u>I.D.E.A. Part B - Basic</u>
<u>84.173</u>	(1) <u>I.D.E.A. - Part B - Preschool</u>
<u>84.391</u>	(1) <u>A.R.R.A. - I.D.E.A. - Part B</u>
<u>84.410A</u>	(1) <u>Education Jobs Fund</u>

- (1) Audited as a Type A Program
- (2) Not required to be audited as a major program

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk audited?            yes   X   no

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(continued)**

**Section 1 - Summary of Auditor's Results, (continued)**

**State Award**

Dollar threshold used to distinguish between type A and type B programs: \$610,407

Auditee qualified as low-risk auditee?            yes       X       no

Internal Control over major programs:

1) Material weakness(es) identified?            yes       X       no

2) Significant deficiencies identified that are not  
considered to be material weaknesses?            yes       X       none reported

Type of auditor's report on compliance for major programs:       unqualified      

Any audit findings disclosed that are required to be reported  
in accordance with NJ OMB Circular 04-04?            yes       X       no

Identification of major programs:

<u>State Grant/Project Number(s)</u>		<u>Name of State Program</u>
<u>12-495-034-5120-078</u>	(1)	<u>Equalization Aid</u>
<u>12-495-034-5120-089</u>	(1)	<u>Categorical Special Education Aid</u>
<u>12-495-034-5120-085</u>	(2)	<u>Adjustment Aid</u>
<u>12-495-034-5120-014</u>	(1)	<u>Categorical Transportation Aid</u>
<u>12-495-034-5095-001</u>	(3)	<u>On Behalf TPAF Contributions - Post Retirement Medical</u>
<u>12-495-034-5120-084</u>	(2)	<u>Categorical Security Aid</u>
<u>12-100-034-5120-473</u>	(1)	<u>Extraordinary Aid</u>
<u>12-495-034-5095-002</u>	(3)	<u>Reimbursed T.P.A.F. Social Security</u>

- (1) Audited as a Type A major program
- (2) Audited as a Type B major program
- (3) Not required to be audited as a major program

**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012  
(continued)**

**Section II - Financial Statement Findings**

NONE

**Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs**

NONE



**TOWNSHIP OF WEST MILFORD SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR-YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**Status of Prior Year Findings**

**Finding 11-01:**

**Condition:**

The District failed to submit their second quarter ARRA quarterly 1512 report.

**Current Status:**

Corrective action was taken